



## UNIVERSITY OF PUERTO RICO AT CAYEY

Office of the Chancellor

August 31, 2022

Dr. Melissa Hardin  
Vice President  
Institutional Field Relations

Dear Dr. Hardin:

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 and documenting evidence of the sufficiency of planning and budgeting processes to fulfill its mission and goals and to support its educational purposes and programs (Standard VI).

If further information is needed, please contact us.

Sincerely,

Dr. Carmen L. Quiroga  
Acting Chancellor

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**UNIVERSITY OF PUERTO RICO AT CAYEY**



**Supplemental Information Report to the  
Middle States Commission on Higher Education**

**Dr. Carmen L. Quiroga  
Acting Chancellor**

**Dr. Juan Caraballo Resto  
Acting Dean for Academic Affairs**

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

September 1, 2022

**Monitoring Report**

To request a supplemental information report, due September 1, 2022, documenting evidence of the sufficiency of planning and budgeting processes to fulfill its mission and goals and to support its educational purposes and programs (Standard VI). To direct a prompt Commission liaison guidance, visit to discuss the Commission's expectations. A follow-up team visit may follow the submission of the supplemental information report. The next evaluation visit is scheduled for 2025-2026



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## **INTRODUCTION**

The University of Puerto Rico (UPR) System, a multi-campus, state-supported institution of higher education, is licensed by the Puerto Rico Council on Education. The UPR system is overseen by a Governing Board constituted by 14 members. It is composed of two students (elected), two Faculty members (elected), 8 citizens from the community appointed by the Governor, and two ex officio members (the Secretary of Education and a representative of the Financial Advisory Authority and Fiscal Agency), created as part of the government debt restructuring and economic development process mandated by the *Puerto Rico Oversight, Management, and Economic Stability Act* (PROMESA) enacted by the US Congress in 2016.

The President of the UPR is the Chief Executive Officer of the UPR System appointed by the Governing Board for an indefinite term. He presides over the University Board, which is composed of the eleven campus chancellors, Faculty representatives of each campus academic senate, student representatives, the Central Administration Executive Vice President and the directors of the Finance, Planning and Development, and Budget Offices. Law 1 of 1966, as amended, and the *UPR General Bylaws*, as amended, dictate the structure of the university and its units.

The University of Puerto Rico at Cayey is one of the eleven campuses of the UPR. Each campus is led by a Chancellor who presides over the Academic Senate, the Administrative Board, and Faculty meetings. The Chancellor holds the maximum academic and administrative authority, and is required to promote the search of income based on: (1) Recruitment of new students, (2) Philanthropy, (3) Federal Funds, (4) Contracts and Agreements, (5) Grant Proposals and (6) Distance Education.

This supplemental information report documents the Institutional planning and budgeting processes to fulfill our mission and goals, and support all educational purposes and programs.

## **UNIVERSITY OF PUERTO RICO FISCAL PLAN**

The UPR Fiscal Plans, in accordance with PROMESA, have outlined a path to achieve fiscal responsibility, gain and maintain access to capital markets, and provide an update of the various tasks and milestones that could assist UPR to achieve and ensure sustainability. The Annual Fiscal Plan is updated and certified for accuracy and serves for the purposes of certifying an annual budget.

UPR 2023-2027 Fiscal Plan (*Appendix 1*) four core elements centers largely around improving operations and increasing revenues, while maintaining the ability for all students to access and benefit from the improved university system. The Plan also addresses several challenging trends to fulfill our mission and is designed to ensure UPR, and consequently the University of Puerto Rico at Cayey, can continue to achieve its fiscal balance while serving the students and residents of Puerto Rico. The Plan

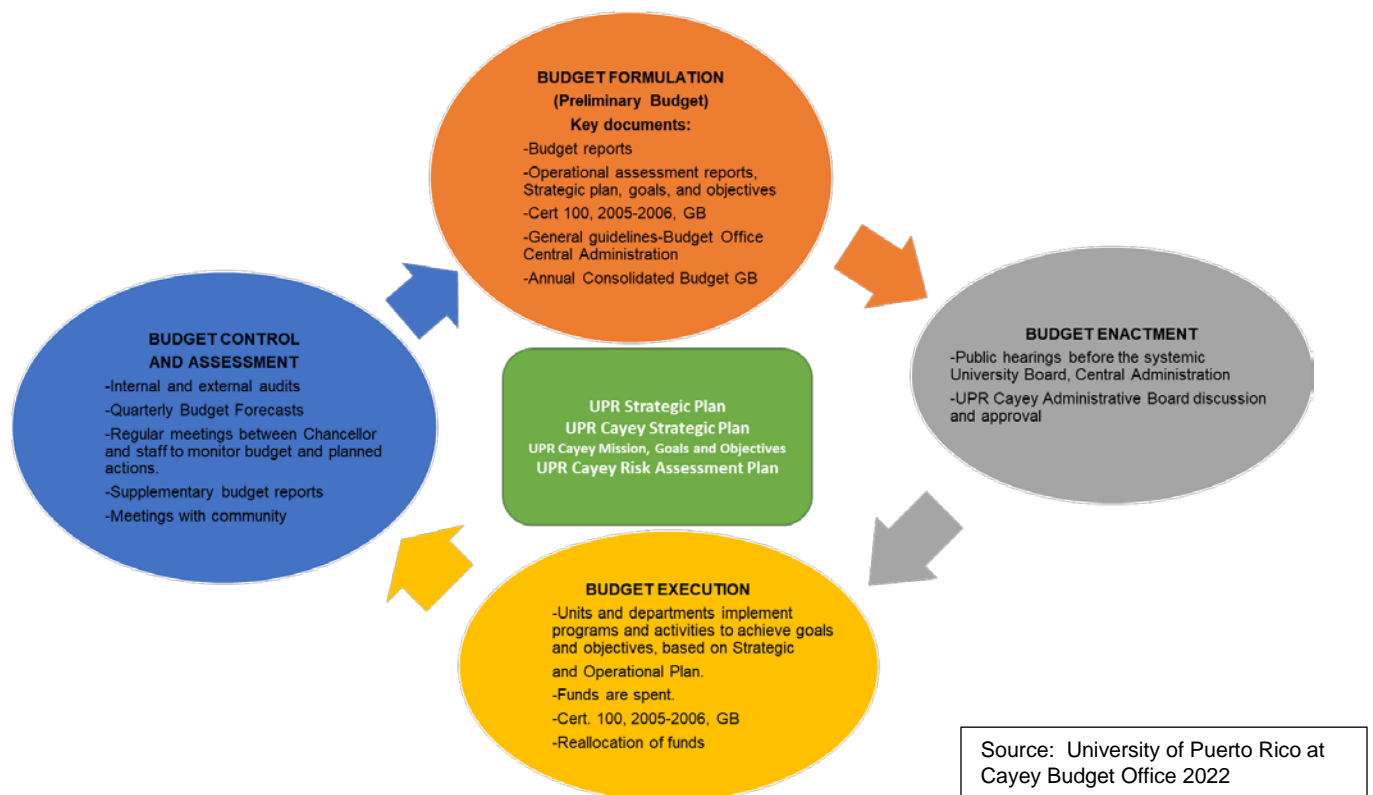
contemplates thirteen measures to achieve fiscal responsibility which are yielding results as FY23 is the first time since the creation of the PROMESA Act, that the UPR will operate a balanced budget.

## UNIVERSITY OF PUERTO RICO AT CAYEY PLANNING AND BUDGET PROCESS PLAN

The University of Puerto Rico at Cayey Mission and Goals, and the Strategic Plan, are the core foundations for the planning and budgeting process. Both, the Risk Assessment (RAP) (*Appendix 3*), and Strategic Plans, guides the financial planning at the institution and provides directions and expectations for the subsequent multi-year financial plans. The RAP is regularly reviewed to plan and make any necessary adjustments to minimize or eliminate possible risks.

The institution’s success in overcoming budget reductions and other challenges resulted from setting our planning and budgeting processes as a key component to financial stability and sustainability. The process is described in *Figure 1*.

**Figure 1: University of Puerto Rico at Cayey Planning and Budget Process**



Our planning and budgeting process are centered on these four phases that initiates with the budget formulation. Once completed, several meetings and hearings are held to

inform and deliberate on institutional decision-making processes. Finally, the budget is allocated to foresee the needs and priorities of the institution. Several assessment reports, including budget vs actuals, are used for efficient budget controls.

## UNIVERSITY OF PUERTO RICO AT CAYEY FISCAL YEAR 2023-PLANNING AND BUDGET

Allocations of resources initiates at the system level (UPR) once the consolidated budget for the UPR system is approved by the Governing Board (GB) (*Appendix 2*). The Institution’s consolidated budget considers Government appropriations reductions, increase in cost per credit, and other measures to achieve fiscal stability. For FY23, the consolidated budget totals \$37,003,134 (*Table 1*).

**Table 1: FY23 Consolidated Budget**

University of Puerto Rico at Cayey		
Cert No. 162, GB, 2021-2022		
General Fund	Restricted Funds	Consolidated Budget
FY2023	FY2023	FY2023
\$ 29,064,144	\$ 7,938,990	\$ 37,003,134

Source: Budget Office 2022

When compared with FY22, the General Fund (Operational Fund) increased by 4.18% (\$1,167,147) of which 37.59% corresponds to an increase in self-generated income through the Extended University (UNEX). Government appropriations increased and are projected to remain fixed for FY2023 through FY2027 (*Appendix 1, Exhibit 2, page 12*). Cost per credit increased to \$157 in FY23, and for subsequent years it will be indexed to inflation. In FY22, Restricted Funds included \$26M of COVID-19 emergency funds (HEERF) which are no longer available in FY23.

In Spring 2022, new regulations were introduced as guidelines in the development of the academic offer. The guidelines are aimed to achieve efficiencies pursuing a better use of the resources available to the UPR to carry out its mission (*R-2122-63, R-2122-64, R-2122-65, R-2122-66, Appendix 4*). In addition, the UPR is currently implementing measures where sharing administrative services between units is expected. The results of those measures will impact current and future fiscal years improving operations and reducing expenditures.

## University of Puerto Rico at Cayey Budget Distribution

Budget priorities are centered on the number of students enrolled, the number of courses and sessions needed (academic offering), and the number of Faculty and non-faculty staff available (human resources). It also considers the institution's infrastructure and student services.

The budget distribution was approved by the Institutional Administrative Board on July 2022 (*Appendix 5*) and will be presented to the community at large on August 31<sup>st</sup>, 2022 to our Faculty personnel, and September 2<sup>nd</sup> to non-faculty personnel. The budget distribution for the general fund, and the corresponding allocation for restricted funds are displayed in Tables 2 and 3.

**Table 2: General Fund Budget Distribution**

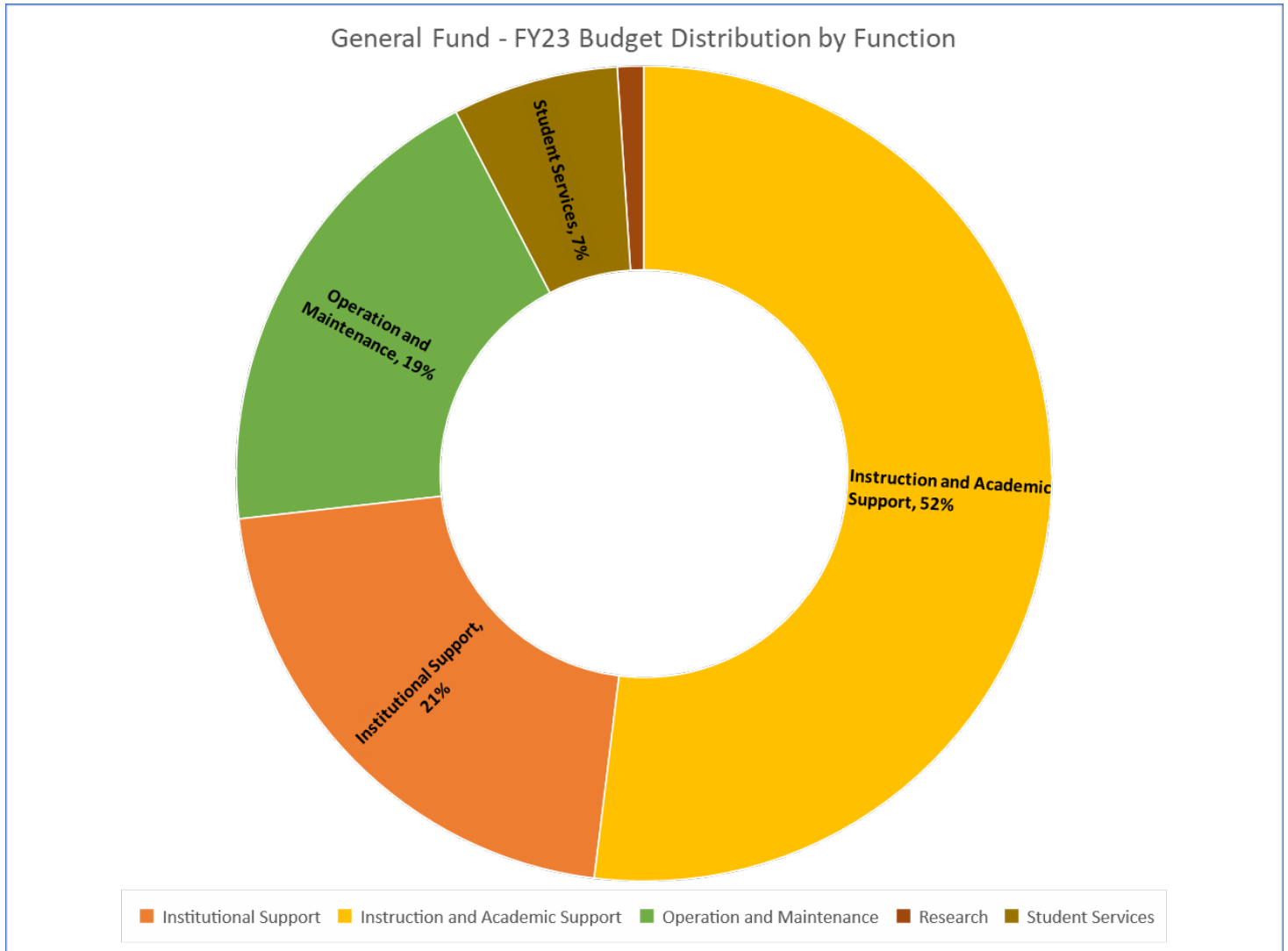
Universidad de Puerto Rico en Cayey (University of Puerto Rico at Cayey)			
FY 23 General Fund Budget Distribution			
Descripción (Description)	Fondo General (General Fund)		Cambio (Change)
	Año Fiscal 2023 (FY23)	Año Fiscal 2022 (FY22)	AF23 VS AF22 (FY23 VS FY22)
<i>Concepto de Gastos: (Expense Categories)</i>	<u>\$ 29,064,144</u>	<u>\$ 27,896,997</u>	<u>\$ 1,167,147</u>
<b>Nómina y Costos Relacionados (Payroll and Related Costs):</b>	<u>\$ 20,356,359</u>	<u>\$ 20,788,004</u>	<u>\$ (431,645)</u>
<b>Gastos Operacionales (Operational Costs):</b>	<u>\$ 3,967,748</u>	<u>\$ 2,247,221</u>	<u>\$ 1,720,527</u>
<b>Otros Desembolsos (Other Payments):</b>	<u>\$ 4,740,037</u>	<u>\$ 4,861,772</u>	<u>\$ (121,735)</u>

Source: Budget Office 2022

The General Fund finances the main operation of the institution which includes both the academic and administrative activities. Payroll and related costs decreased 2.12% due to the reduction in student's enrollment, and attrition. Other payments (allocated to UPR Retirement System) decreased by 2.57% which is also related to attrition. Operational expenditures increased by 43.36%. These changes reflect the results of strategies used to overcome budget reductions, control expenses, and increase self-generated revenues which allows us to have the financial and human resources to fulfill our mission and goals. The institution has been very diligent in allocating its financial resources.

An updated budget distribution by function is displayed in the chart below, reflecting the priorities and objectives of the institution. The institutional needs are discussed in meetings among the Deans, senior staff, and Chancellor, and translated into budget allocations to ensure fulfillment of institutional missions and goals and the improvement of academic and administrative operations as well. The academic offer and services to students are prioritized, in compliance with our institutional mission and our commitment to academic excellence.

**Figure 2: General Funds FY 23 Budget Distribution by Function**



Source: Budget Office 2022

Within the Consolidated Budget Restricted Funds, are limited for a specific purpose. These funds also are distributed in different categories from state, federal, among other sources.



**Table 3: Restricted Funds Budget Distribution**

Universidad de Puerto Rico en Cayey (University of Puerto Rico at Cayey)			
FY 23 Restricted Funds Budget Distribution			
Descripción (Description)	Fondos Restringidos (Restricted Funds)		Cambio (Change)
	Año Fiscal 2023 (FY23)	Año Fiscal 2022 (FY22)	AF23 VS AF22 (FY23 VS FY22)
<i>Concepto de Gastos: (Expense Categories)</i>	\$ 7,938,990	\$ 34,027,660	\$ (26,088,670)
<b>Nómina y Costos Relacionados (Payroll and Related Costs):</b>	<u>\$ 1,553,392</u>	<u>\$ 1,809,053</u>	<u>\$ (255,661)</u>
<b>Gastos Operacionales (Operational Costs):</b>	<u>\$ 6,117,061</u>	<u>\$ 7,037,456</u>	<u>\$ (920,395)</u>
<b>Otros Desembolsos (Other Payments):</b>	<u>\$ 268,537</u>	<u>\$ 25,181,151</u>	<u>\$ (24,912,614)</u>

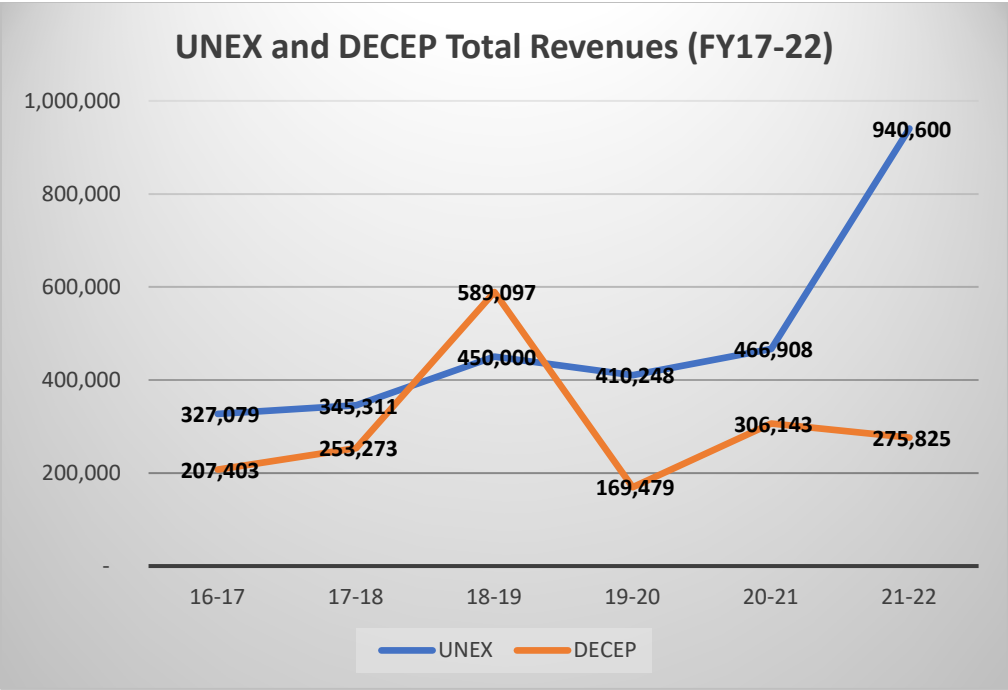
Source: Budget Office 2022

As mentioned above, in FY 23 COVID-19 emergency funds (HEERF) aren't available. HEERF funds provided direct emergency financial assistance to students, covered the cost of significant changes in the delivery of instruction associated with Distance Learning programs, improved technological capacity to support such programs, trained Faculty, and support staff, and acquired equipment to operate effectively in this modality. Although the procurement of technology equipment and soft-ware licensing included extended warranties, maintenance, and licensing (3 -5 years), the General Fund provides budget allocations to the maintenance of technology infrastructure, maintenance or replacement of equipment, software, and other expenses associated with distance learning and academic instruction through the Technology fee, and the Extended University (UNEX). Also, recovered loss income from tuition, rental of spaces, and other costs, from HEERF, permitted the allocation of funds to activities that supplements instruction, academic support, and other institutional activities. These funds are part of the Consolidated Budget and can be used as Unrestricted funds.

Non-capitalized infrastructure improvements projects are funded by the institution while capitalized improvement projects are funded by UPR Central Administration and, some of them, by FEMA.

Self-generated revenues through UNEX and DECEP are an important part of our budget as these funds support institutional activities. UNEX and DECEP assigned budget for FY23 are based on FY22 revenues. Last year, UNEX and DECEP underwent an assessment process to strengthen, and improve our services. The following chart displays the trends of these funds from FY17 to FY22 (Chart 1).

**Chart 1: FY 17-22 UNEX and DECEP Trends**



Source: Budget Office 2022

During our fall semester FY23, the University of Puerto Rico at Cayey welcomed 2,204 students in person. The campus is committed, and enthusiastic to fulfill our mission and goals. The University of Puerto Rico at Cayey sound fiscal planning and management, efficient use of our human resources, cautionary measures and expenditures control, and a continuing assessment of our operations, allows the institution to continue providing the academic excellence and success rate, to revamp our offerings and services.

**UNIVERSITY OF PUERTO RICO AT CAYEY STATEMENT OF PROJECTED REVENUES AND EXPENSES FOR CONSOLIDATED BUDGET FY23 THROUGH FY25**

The Mission, Goals, the Strategic Plan, and the RAP provides direction and expectations for the subsequent multi-year financial plans. The RAP has been very important in identifying challenges allowing us to mitigate any risks and benefit from potential opportunities. However, the political, economic, and social environment within higher education in Puerto Rico presents a challenge for reliable financial forecasting. Therefore, the institution’s multi-year financial plan is based on revenues and expenditure assumptions, which take into consideration our best assessment of the economic and demographic outlook during the coming years, where currently there is a student population decrease due to demographics.

The University of Puerto Rico at Cayey FY23 through FY25 financial plans are aligned with the UPR 2023-27 Fiscal Plan for the University of Puerto Rico (Appendix 1). The financial assumptions for multi-year plans are:

1. Reduction in student total enrollment by 11.1%: 1826 FY24 and 1624 FY25
2. Increase in tuition fees and other measures to increase revenues
3. Government appropriations will remain fixed for FY2023 through FY2027 (UPR Fiscal Plan 2022)
4. Cautionary actions still in place
5. Faculty promotions and recruitment of 3% tenure track Faculty each year.
6. Recruitment of non-tenure track Faculty to fulfill our educational commitment.
7. Academic and administrative transformation processes
8. External funds and self-generated revenues
9. Distance Education

**Table 4: University of Puerto Rico at Cayey Statement of Projected Revenues and Expenses**

Statement of Projected Revenue and Expenses for Consolidated Budget

Summary of Revenue and Expenses  
For fiscal years 23 to 25

Revenues							
Source of Funds	Actual Budget		Projected Budget		Projected Budget		
	2022-2023		2023-2024		2024-2025		
General fund	29,064,144	70.88%	\$ 28,030,083	71.42%	\$ 27,035,608	68.89%	
Restricted Funds	7,938,990	19.36%	\$ 8,335,940	21.24%	\$ 8,752,736	22.30%	
Unrestricted Funds	4,001,837	9.76%	\$ 2,881,322	7.34%	\$ 1,699,980	4.33%	
<b>Total Revenues</b>	<b>41,004,971</b>	<b>100%</b>	<b>\$ 39,247,345</b>	<b>100%</b>	<b>\$ 37,488,325</b>	<b>96%</b>	
Projected Expenses							
Expenses	2022-2023		2023-2024		2024-2025		
Payroll and Related Costs	21,989,788	57.68%	\$ 21,695,812	57.78%	\$ 20,903,647	55.67%	
Operational Costs	11,085,268	29.08%	\$ 10,969,278	29.21%	\$ 10,859,339	28.92%	
Other payments	5,048,592	13.24%	\$ 4,882,275	13.00%	\$ 4,722,350	12.58%	
<b>Total Expenses</b>	<b>38,123,648</b>	<b>100%</b>	<b>\$ 37,547,365</b>	<b>100%</b>	<b>\$ 36,485,336</b>	<b>97%</b>	
<b>Net revenue</b>	<b>\$ 2,881,322</b>		<b>\$ 1,699,980</b>		<b>\$ 1,002,988</b>		
<b>Number of students enrolled</b>	<b>2,204</b>		<b>1,826</b>		<b>1,624</b>		

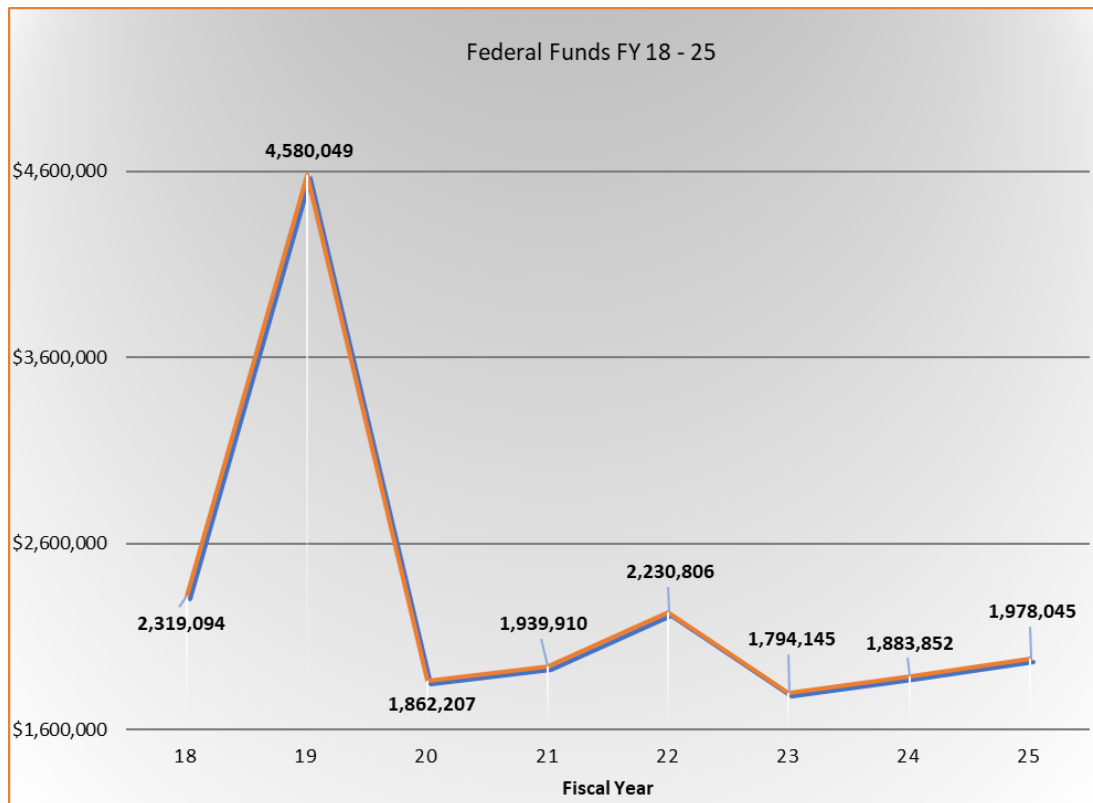
Source: Budget Office 2022

Even though cost per credit will increase index to inflation, we are projecting a reduction in the General Fund because of students' enrollment decline due to demographics. Attrition funds from Faculty and non-teaching personnel will be used to address budget reductions. Restricted Funds, especially federal funds, are expected to increase 5% each year (Chart 2).

We project the number of sponsored projects to increase each year. Currently, the institution was granted an NSF proposal for the amount \$347,289 and 4 additional proposals have been submitted and are pending for approval for a total amount \$3.7M.

Self-generated revenues through UNEX and DECEP are also expected to increase. Chart 2 presents the behavior of these funds over the years.

**Chart 2: University of Puerto Rico at Cayey FY18-25 Federal Funds Trends**



Source: Budget Office 2022

HEERF funds are not included; FY24-FY25 projections

We will continue to implement the best financial practices in the formulation, enactment, and execution of the budget to achieve fiscal responsibility and continuity. University of Puerto Rico at Cayey best financial practices are:

1. Use of attrition funds from Faculty and non-teaching personnel to address budget reductions.
2. Allocate funds for additional compensations to employees for additional tasks during and off working hours.
3. Grant Faculty promotions.
4. Recruitment of 3% tenure track Faculty each year.
5. Recruitment of non-tenure track Faculty to fulfill our educational commitment.
6. Increase external funding of 5% each year by continuing efforts through grant writing activities and number of proposals submitted by Faculty.
7. Establishment of Continued Education Division (DECEP) and Extended University (UNEX) profits for institutional activities, including academic offering, and the development of online courses.

8. Grant financial incentives and release time to Faculty engaged in successful sponsored projects.
9. Fund Faculty and non-tenured track Faculty professional development,
10. Allocation of funds for infrastructure renewal.
11. Foster research and other projects through Start-up funds
12. Uphold spending controls through a centered authorization process for the procurement of goods and services to ensure efficient procurement.
13. Monitor budget versus actuals including quarterly budget forecasts.
14. Compliance with all reporting requirements. (Single Audits, Financial Statements, Monthly Closing and Working Calendars)
15. Compliance with UPR guidelines R-2122-63, R-2122-64, R-2122-65, R-2122-66  
(Appendix 4)

We reaffirm that we have and will have the financial capacity to continue operations in the upcoming years, as University of Puerto Rico at Cayey continues to excel in its academic offerings, undergraduate research, community services, innovation, and its interdisciplinary education.

## **CONCLUSION**

The University of Puerto Rico at Cayey Planning and Budgeting Plan, together, with the Risk Assessment Plan, guides the financial planning at the institution and provides directions and expectations for subsequent multi-year financial plans. The sufficiency of planning and budgeting processes to fulfill our mission and goals and support our educational purposes and programs has been evidenced. We continue to reaffirm the financial capacity to maintain operations in the upcoming years, and excel in its academic offerings, undergraduate research, community services, innovation, and our interdisciplinary education.

# APPENDIX 1



GOVERNING BOARD  
UNIVERSITY OF PUERTO RICO

CERTIFICATION NUMBER 120  
2020-2021

I, Margarita Villamil Torres, Secretary of the Governing Board of the University  
of Puerto Rico, DO HEREBY CERTIFY THAT:

The Governing Board, in its ordinary meeting held on March 24, 2022,  
approved the UNIVERSITY OF PUERTO RICO FISCAL PLAN, for  
years 2022-2023.

IN WITNESS WHEREOF, issued under the seal of the University of Puerto Rico,  
this March 24, 2022.



Margarita Villamil Torres  
Secretary



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

# Enhancing Public Higher Education

**Fiscal Years 2023 to 2027**

March 25, 2022

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# Acronyms

FAFAA	Fiscal Agency and Financial Advisory Authority
AFICA	Puerto Rico Industrial, Tourist, Educational, Medical & Environmental Control Facilities Financing Authority
ARP	American Rescue Plan
CARES	Coronavirus Aid Relieve and Economic Security Act
CDC	Center for Disease Control
COR3	Central Office for Recovery, Reconstruction and Resilience
COVID	Coronavirus Disease or 2019 Novel Coronavirus
CRRSAA	Coronavirus Response and Relief Supplemental Appropriations Act
CW	Commonwealth of Puerto Rico
DB	Defined Benefit Pension Plan
DC	Defined Contribution Pension Plan
EDA	Economic Development Administration
EFC	Expected Family Contribution
ERC	External Review Committee
FAFSA	Free Application for Federal Student Aid
FEMA	Federal Emergency Management Agency
FOMB	Financial Oversight and Management Board
HEERF	Higher Education Emergency Relief Fund
IT	Information Technology
Moody's	Moody's Investor Services
MOU	Memorandum of Understanding
MSCHE	Middle States Commission on Higher Education
MSI	Minority Serving Institutions
OPEB	Other Post-Employment Benefits
OPEX	Operating Expenses
PMO	Project Management Office
PROMESA	Puerto Rico Oversight, Management, and Economic Stability Act
R&D	Research and Development
S&P	Standard & Poor's Ratings Services
TSA	Treasury Single Account
UPR	University of Puerto Rico
UPRRS	University of Puerto Rico Retirement System
VPF	Vice Presidency of Philanthropy

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# Executive Summary

For the past century, UPR has built a rich legacy of education, research, and cultural contributions while serving as the Island's principal source of socioeconomic upward mobility. UPR strives to provide high-quality education and create new knowledge in the Arts, Sciences, and Technology. However, serious financial and management challenges threaten to put this vital mission at risk. The UPR has to address academic curriculum optimization, declining enrollment, infrastructure and maintenance needs, operational inefficiencies, and liability management. To lower the financial burden on the Commonwealth, the Central Government started to reduce appropriations to UPR in 2017. Since FY2017, Central Government appropriations to the University have been reduced ~\$427M. For FY2023, appropriations make up 48% of total operating expenditures, which is down from nearly 70% before the first Fiscal Plan. UPR has been proactively diversifying its sources of revenue and managing unsustainable costs working towards a stronger and more sustainable University.

Since its first fiscal plan in 2017, the UPR has steadily implemented measures that improve its fiscal sustainability, as well as its global reputation and rankings, thus maintaining its position as the premier university in Puerto Rico across a wide variety of metrics. In five years, the UPR went from a staggering position #62 in Quacquarelli Symonds ranking to #37 among Latin American universities in 2021.

The goal for UPR is not only one of fiscal sustainability, but also of academic strength and leadership. UPR remains steadfast towards strengthening its academic mission through academic curriculum optimization, building on a framework including targeted graduation and retention rates. UPR's mission remains to forge the Island's future skilled labor market.

To comply with PROMESA, the Oversight Board has certified yearly fiscal plans for the University of Puerto Rico since 2017. Considering the many variables in the forecasts, the annual Fiscal Plan is updated and certified for accuracy and to serve as the most updated information for the purposes of certifying an annual budget. The UPR Fiscal Plans, in accordance with PROMESA, have outlined a path to achieve fiscal responsibility, gain and maintain access to capital markets, and provide an update of the various tasks and milestones that could assist UPR to achieve and ensure sustainability. The 2022 UPR Fiscal Plan continues emphasizing these priorities. The four core elements center largely around improving operations and increasing revenues, while maintaining the ability for all students to access and benefit from the improved university system:

- **Operational efficiencies:** UPR's existing operational model is in the throes of integrating the administrative functions of the eleven semiautonomous campuses: the objective being to eliminate unnecessary complexity that drives higher costs. The UPR Fiscal Plan continues to identify personnel and non-personnel efficiencies, prioritizing the latter, to make sure all campuses remain operational while reinvesting in core faculty.
- **Revenue enhancement and diversification:** The 2022 UPR Fiscal Plan maximizes opportunities to increase revenue from non-tuition sources. These include federal grants and awards, and ancillary service fees for providing training to external institutions.
- **Pension reform:** The 2022 UPR Fiscal Plan outlines the UPR proposed reform and discusses some continued risk and concerns.
- **Fiscal governance and controls:** The 2022 UPR Fiscal Plan includes fiscal governance reforms such as cross-campus and component unit controls on how revenues are collected, and expenditures are reported.

Both 2020 and 2021 UPR Fiscal Plans were adjusted to account for impact COVID-19 – a Pandemic that has radically reshaped the operations of the UPR. COVID-19 has brought a once in a generation opportunity to transform the University. For example, UPR expanded its distance learning capabilities for all students. Student residences and campus life was adapted



to undertake the necessary health measures and a more flexible academic program was implemented to allow for a successful higher education experience during the pandemic.

The University, now more than ever, needs to rethink, repurpose, and refocus on its core mission, to serve Puerto Rico's higher education market.

# Chapter 1 UPR current context & baseline spend

## 1.1 UPR and its importance to the Commonwealth

The University of Puerto Rico, founded in 1903, is Puerto Rico's largest university system. UPR's current structure 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 (committed to the ideals of a democratic society) to serve the people of the Commonwealth of Puerto Rico (the "Commonwealth") and contribute to the development and enjoyment of the fundamental, ethical, and aesthetic values of Puerto Rican culture.

To advance its mission, UPR strives to provide high quality education and further knowledge in the Arts, Sciences and Technology. UPR is the oldest institution of higher education in the Commonwealth and enjoys a history of academic excellence, with 694 degree granting academic and professional certification programs - including 6 first level professional degree programs and 40 PhD programs. UPR also plays a critical role in providing avenues for social and economic advancement, with 70% of students receiving Pell grants.

The University is also 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. 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 Challenges facing the UPR

UPR faces several trends that will make it more challenging for it to continue to fulfill its critical mission. The 2022 UPR Fiscal Plan addresses such trends directly and is designed to ensure UPR can continue to achieve fiscal balance while serving the students and residents of Puerto Rico notwithstanding:

- Academic and operational setbacks due to the COVID-19 pandemic
- Declining student enrollment, in line with the overall demographic shifts on the Island.
- Decreased Commonwealth appropriations to support UPR operations considering the Commonwealth's own fiscal challenges
- Impact of Natural Disasters on infrastructure and maintenance investment
- UPR's Pension System reform

### 1.2.1 COVID-19 Emergency situation

The COVID-19 pandemic threw a curveball to higher education institutions across the country. UPR was no exception, as it made the decision to shift nearly 100% of its courses online since the Spring 2020 semester, and halt much of its research activity to safeguard its community of students, faculty, and staff. While first and foremost a humanitarian crisis, the fiscal impacts of COVID-19 on the University have also been substantial. At the same time since FY2020, the University has faced new costs related to IT- related to remote instruction. These financial effects have been mitigated in part, however, by UPR's access to Federal COVID-related funds, including CARES, CRRSAA, and ARP, which are estimated at ~\$436M, of which ~\$241M are

available for institutional use and ~\$194M for student aid.

During May 2021, the University received accreditation from MSCHE for over 11,500 online courses and intends to continue expanding its academic offering in virtual learning. The UPR has assumed a hybrid instruction model for the 2021-2022 academic year. The University's 11 campuses planned for various control measures to comply with CDC and Puerto Rico Health Department recommendations.

Given the unprecedented challenge prompted by the COVID-19 global pandemic during FY2021 and FY2022, UPR's FY2023 will be strongly marked by the actions it takes to ensure the continuity of university services and the wellbeing of its broader community. The University implemented a phased reopening to in person learning, as of the second semester of FY 2022. UPR has equipped itself with the tools and resources necessary to effectively return to in person education: new safety measures, scheduling modifications when needed, appropriate update of technology, and adequate infrastructure to deliver the hybrid program, and greater support for students, faculty, and staff. For this, UPR has leveraged the different sources of funding made available to the University to weather the pandemic, such as CARES, CRRSAA, and ARP Act-related funds. Between the three COVID-19 Relief Fund packages, the University has allocated \$166M directly to students and \$174.6M for institutional funds to utilize in pandemic-related expenses.

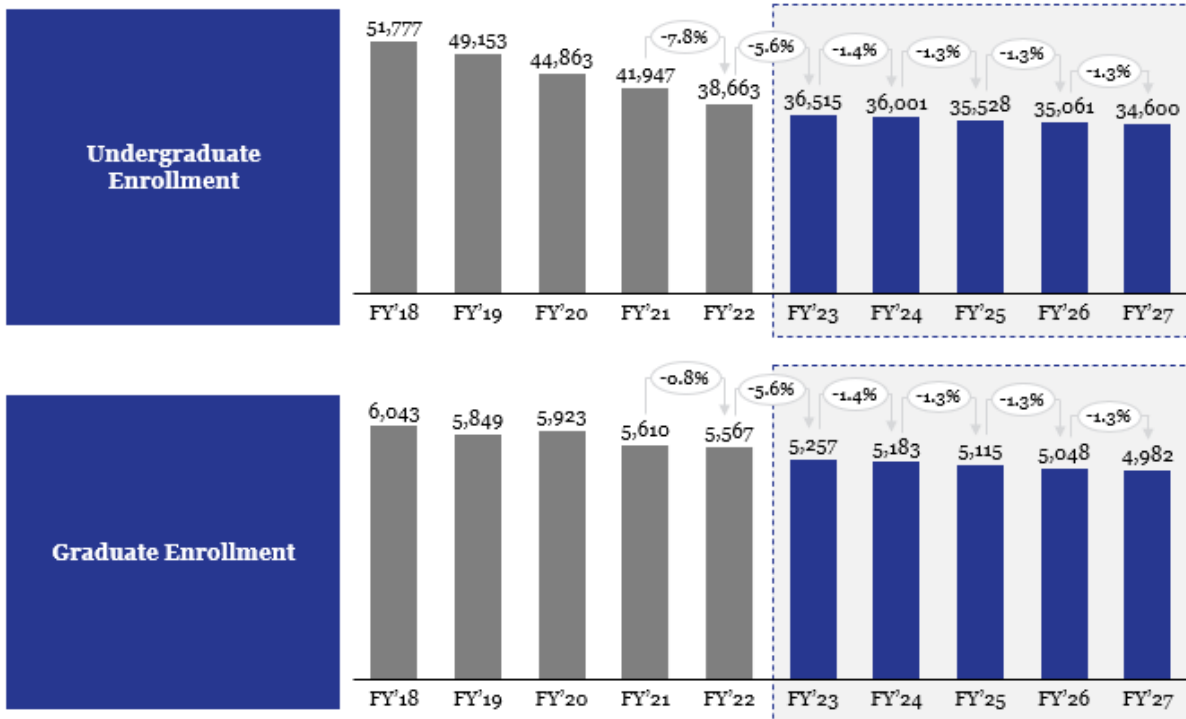
### **1.2.2 Decline in enrollment**

The UPR has seen a continuous trend in student enrollment decline for the past decades. The economic and demographic challenges seen across Puerto Rico has led the UPR to establish a systemic work plan to strengthen the student recruitment strategies at local, national, and international settings. As of 2020, the economy was 23% smaller in real terms relative to 2005, while the population was nearly half a million smaller (primarily due to outmigration) than in the previous decennial census. Demographics are also shifting, with a significant aging of the population that is expected to continue.

As a result, UPR has seen substantial enrollment decline over the past decade across both graduate and undergraduate populations (EXHIBIT 1). In addition to lower enrollment, the UPR is experiencing a decrease in admission applications for the 2022-2023 academic year, when compared to previous years.

Outside of Commonwealth subsidies, tuition is the primary source of operating revenue for UPR (~33% in FY2022). The continued enrollment decline must be accounted for in designing the future operating model of the University. The UPR Governing Board projects a drop of 5.6% 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, this enrollment drop has been accounted for when designing measures to meet structural balance. Specifically, the 2022 UPR Fiscal Plan takes declining student population into account when setting non-faculty attrition ratios that drive a large share of the expenditure measures across the system. These targets will be achieved in part through service level optimization and administrative consolidations that will prove to be essential 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 FY2018 -27

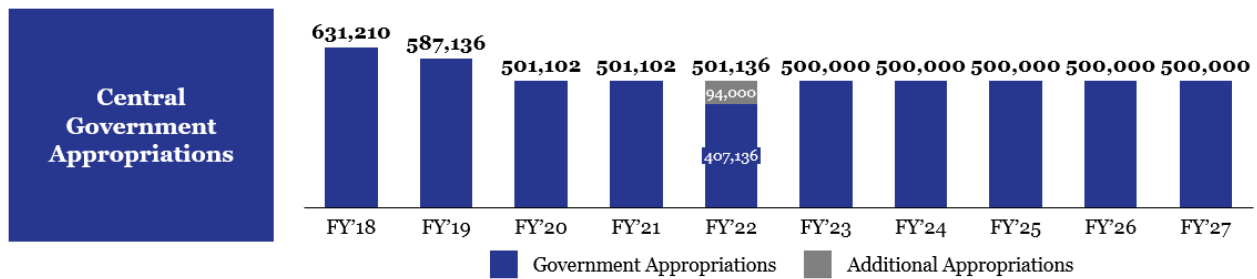


**1.2.3 Decrease in Commonwealth appropriation**

Between FY2017 and FY2022, Central Government appropriations to the UPR were reduced by \$427M or 49%. Notwithstanding the fiscal adjustments made by the UPR Central Administration, the University has consistently delivered operational budgets to the FOMB that range between \$1.2 to \$1.3B during the previous fiscal years. While improving its alternative revenue sources (e.g., greater institutional revenues and federal grants), the administration has managed to achieve various performance efficiencies and sustain its academic programs across all units.

Law 53 of 2021 known as the “Ley para Ponerle Fin a la Quiebra de Puerto Rico” fixed the general funds appropriations for the University of Puerto Rico at \$500M from FY2023 through FY2027.

EXHIBIT 2: CENTRAL GOVERNMENT APPROPRIATION TO UPR FY2018-27



Analysis published by the Chronicle of Higher Education, based on data on revenue reported by institutions to the Federal Department of Education’s Integrated Postsecondary Education Data System for the fiscal years 2002 to 2019, provided a list of over 1,500 Public Colleges’ state support indicators. This report shows that the UPR would be the 2nd institution (out of over 1,500) with the largest reduction in state support over a ten-year period. Additionally, the analysis published shows that the Government Appropriations and /or State Support (of approximately 49% in FY’2022, compared to 70% in FY’2017) would place the UPR under the 50% percentile of the 1,500 institutions being evaluated. While most state universities expect to receive a larger contribution from appropriations for 2022-2023 due to post-pandemic funds that have been received by state governments, the appropriations that UPR will receive will remain at \$500M for five years.

Benchmarking completed by the Pew Charitable Trust, based on data published by the Office of Management and Budget, shows that for FY’2017 State Higher Education spending represented 9.8% of total General Funds. Compared to the UPR’s Central Government Appropriations of 4.1% of total General Fund budget for FY’2022.

EXHIBIT 3: STATE HIGHER EDUCATION BENCHMARK

State Higher Education Funding Benchmarks				
(in billions \$)	Benchmark		PR FY’22 GF	
Elementary and secondary education	283.00	35.7%	2.34	23.1%
Medicaid	156.00	19.7%	0.03	0.3%
<b>Higher Education</b>	<b>78.00</b>	<b>9.8%</b>	<b>0.41</b>	<b>4.1%</b>
Corrections	53.00	6.7%	0.40	4.0%
Public Assistance	9.00	1.1%	1.15	11.4%
Transportation	5.00	0.6%	0.16	1.6%
All Other	209.00	26.4%	5.62	55.6%
<b>Total</b>	<b>\$793.00</b>		<b>\$10.11</b>	

**1.2.4 Impact of Natural Disasters on infrastructure investment**

Infrastructure and permanent buildings, site improvements, and maintenance projects are a priority for the UPR Administration. The Capital Improvements Program is dynamic, and projects are an opportunity to improve the image and technologies of the institution. Recent events, such as the 2017 hurricanes, the 2020 earthquakes, and the COVID-19 pandemic have brought about new challenges to the existing infrastructure. For effective project development, the University had to create a transformation culture based on the following pillars: efficient project management strategies, implementation of technology in project administration, energy saving project strategies, construction resiliency planning, amendments to contracting and bidding regulations to allow agility in project execution. This has been possible with funding assignments from the Office of Institutional Transformation and external federal funds.

Noteworthy progress is verifiable in projects programmed and completed between FY2018 and FY2022. To-date, 157 projects are in diverse planning phases, an 85% increase from FY2018, where only 85 projects were part of the capital plan program. As of December 2021, the Board of Awards of the UPR has 19 projects scheduled for public notice announcement bidding and/or bidder selection. Meanwhile, 10 projects are in construction phase. These 10 projects under construction represent a total investment of \$46.2M.

During FY22, UPR reported quarterly budget to actuals on capital expenditure projects identified by project stage, approval certification, expected completion date and aggregate amounts disbursed by project. According to UPR's budget-to-actuals reporting, \$19M out of the \$42M designated for Capital Expenditures and Equipment was spent during FY2021, mostly the result of COVID-19 delays. Before COVID-19, UPR spent an average of \$27M or 59% of its budget in capital expenditures and maintenance.

### **1.2.5 Pension Plan Reform**

The state of the UPR Retirement System ("UPRRS") poses a particularly serious risk. The latest UPRRS actuarial valuation report reveals that 65% of the plan is unfunded (~\$1.46B of unfunded liability).

During 2020, 2021, and 2022, UPR demonstrated its commitment to comply with the required contribution payment as stipulated by their actuary. For example, UPR contributed \$160M to cover normal cost and reduce unfunded pension liability in accordance with the Certified Budget for 2021. These additional contributions have mitigated the actuarial debt by a reduction of \$600M as stated in the UPRRS audited financial statements dated February 23, 2022.

## **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 the 2022 UPR Fiscal Plan are presented in a manner consistent with and comparable to the 2021 UPR Fiscal Plan and FY2022 Certified Budget. As such, they reflect the path of the University prior to the implementation of any measures achieved since the beginning of FY2018 and through FY2022.

As further discussed in Section 1.3.3, the baseline presented also assumes necessary funding of UPR's existing, defined benefit pension plan.

### **1.3.2 Baseline revenues**

The University Baseline revenues are projected to decrease by 20% for FY2023 and remain relatively stable through FY2027. This is driven by the following trends:

- Tuition revenues decline: baseline tuition revenues are projected to decline proportionally to enrollment from FY2023 to FY2027. Tuition forecasts assume that cost per credit (pre-measures) will remain at FY2018 levels for all programs, but that the volume of enrolled students will decline as the Island population declines. Annual estimates of enrollment decline are based on FY2022 student population average.
- Central Government appropriations: As stated in section 1.2.3, appropriations will be fixed at \$500M through FY2026.

- The University receives additional Central Government transfers that are destined to a specific and restricted purpose, these include:
  - \$29.3M in Joint Resolutions mainly allocated for the Medical Sciences Resident Program.
  - \$9.5M as part of Legislative Scholarships
  - \$20M for the Trainings and Seminars Program for Central Government Employees and Department of Education
  - \$51M as a one-time payment for FY2023 for the UPR Scholarship Fund
  - FY2023 will also see the Medical Sciences Campus benefit from \$5M towards its Medical Residents Program. As of March 17, 2022, the Governor submitted the Commonwealth proposed budget for FY2023, which included an additional \$10M in appropriation for the Medical Science Campus to cover needs for accreditation and transformation.
  - Historically, another source of income for the University has come from Slot Machine revenues received from the Puerto Rico Tourism Company (“PRTC”), by virtue of Act 221 of 1948, as amended (“Slot Machines Act”). Beginning in FY2021, due to the new Puerto Rico Government Gaming Commission, by virtue of Act No. 81 of 2019, the University has begun to receive transfers directly from the Puerto Rico Gaming Commission. No fiscal impact is expected as part of this adjustment, although Slot Machine revenues have been affected by the COVID-19 pandemic by approximately -25% for FY2021 the slot machine revenues for the university are expected to increase by \$6.7M in FY2022 compared to Certified Budget.
- Some campus-generated inflows (e.g., dues and charges revenue) are also expected to decline proportionally to enrollment. Additionally, due to COVID-19, other revenues, such as medical services, sustained a negative impact expected to recover during FY2023.
- Traditional Federal receipts are expected to remain stable from FY2023-2027. Federal receipts include pass-throughs for Pell grants. Pell grant levels are expected to behave proportionally to enrollment. Starting FY2022, UPR is providing a breakdown of Pell from other federal funding for ease of tracking.
- CRRSAA and ARP Act revenues: UPR has received several sources of COVID-related funding for higher education institutions. To date, the UPR has received a total of \$437M of Higher Education Emergency Relief Funds of which \$241M is directed towards institutional use and \$194M for student aid. All institutional support will cover additional operating expenditures within guidelines of HEERF.
- Other components of baseline revenue are expected to remain relatively stable pre-measures throughout the 2022 UPR Fiscal Plan.



EXHIBIT 4: PRE-MEASURE BASELINE REVENUES

(000's)	CFP FY'22	FY'22	FY'23	FY'24	FY'25	FY'26	FY'27
Total Central Government Transfers	\$445,909	\$445,909	\$505,252	\$504,699	\$505,042	\$505,497	\$505,159
Total Operating Receipts	306,363	308,827	307,526	306,361	305,534	305,193	305,783
Total Intra-Government Receipts	172,248	235,124	225,543	230,590	235,661	240,794	246,001
Total Disaster Relief Receipts	-	8,115	-	-	-	-	-
Total COVID Related Relief	128,533	296,646	-	-	-	-	-
<b>Total Receipts</b>	<b>1,053,054</b>	<b>1,294,621</b>	<b>1,038,321</b>	<b>1,041,650</b>	<b>1,046,237</b>	<b>1,051,484</b>	<b>1,056,943</b>

**1.3.3 Baseline expenditures**

Baseline expenditures and disbursements are expected to remain relatively stable between FY2023 and FY2027 (see EXHIBIT 5). 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 \$706M, and non-payroll operating expenditure categories also remain constant except for scholarships and donations, which decline slightly to reflect decreases in disbursements of university-sponsored financial aid as enrollment declines.

Other expenditures vary according to individual assumptions. Some line items of note:

- **Increase in Facilities & Payments.** These pertain to public services and are directly related to increases in electric and water utility expenses as per the Commonwealth Fiscal Plan.
- **Pensions.** Baseline pension expenditures assume maintenance of the defined benefit plan where UPR continues making the full actuarially required contribution with no reduction in accrued benefits or freeze.
- **Disaster-related disbursements.** These assumptions represent the latest information on federal and private-insurance relief funding related to the various natural disasters that have hit the Island in past years. For fiscal planning purposes, expenditures are assumed to occur within the fiscal year disaster-related funding is received.
- **COVID-19 related disbursements.** The funds received this fiscal year were greater than expected but are pass-through expenditures.

EXHIBIT 5: PRE-MEASURE BASELINE EXPENDITURES

(000's)	CFP FY'22	FY'22	FY'23	FY'24	FY'25	FY'26	FY'27
<u>Operating Disbursements:</u>							
Total Operating Disbursements	(1,105,558)	(1,109,365)	(1,113,452)	(1,133,630)	(1,152,235)	(1,171,424)	(1,190,836)
Total Disaster Relief Disbursements	-	(8,115)	-	-	-	-	-
Total COVID Related Relief	(128,533)	(296,646)	-	-	-	-	-
Pensions Payment	(205,200)	(205,200)	(202,600)	(200,500)	(198,700)	(197,200)	(195,900)
Capital Expenditures Equipment	(30,895)	(30,895)	(30,895)	(30,895)	(30,895)	(30,895)	(30,895)
	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)
<b>Total Disbursements</b>	<b>(1,481,739)</b>	<b>(1,661,774)</b>	<b>(1,358,500)</b>	<b>(1,376,578)</b>	<b>(1,393,383)</b>	<b>(1,411,072)</b>	<b>(1,429,184)</b>

### 1.3.4 Baseline operating deficit/surplus and cash position

Before calculating the baseline primary deficit, it is important to note that none of these calculations account for fiscal measures (e.g., attrition, procurement savings) undertaken by UPR in prior fiscal years under direction of the UPR Fiscal Plan or otherwise. With that in mind, the above expenditure and revenue forecasts indicate UPR – in its baseline scenario – will operate at an operating deficit pre-debt service (see EXHIBIT 6). A large portion of this deficit is driven by the assumption that UPR will properly fund its pension system within the current plan design. With the addition of debt service, UPR’s operating deficit would approach \$415M in FY2022.

#### EXHIBIT 6: PRE-MEASURE FINANCIAL BASELINE

(000's)	CFP FY'22	FY'22	FY'23	FY'24	FY'25	FY'26	FY'27
<b>Net Cash Flow (before Debt Service Payment)</b>	<b>(428,686)</b>	<b>(367,153)</b>	<b>(320,179)</b>	<b>(334,929)</b>	<b>(347,145)</b>	<b>(359,589)</b>	<b>(372,241)</b>
Debt Service Payment	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)
<b>Net Cash Flow</b>	<b>(\$476,938)</b>	<b>(\$415,405)</b>	<b>(\$368,431)</b>	<b>(\$383,181)</b>	<b>(\$395,397)</b>	<b>(\$407,841)</b>	<b>(\$420,493)</b>

## Chapter 2 Implementation progress

The UPR Fiscal Plan has revenue enhancement & expense control measures that have brought an estimated \$1.1B in income & savings to the UPR by the end of FY2022. To date, UPR has made progress on various measures (e.g., undergraduate tuition increases, dues and fees, attrition, tuition exemptions, services provided to government) but less on others (e.g., graduate tuition, medical insurance, bonus reductions, pension reform) (See EXHIBIT 7 for status of measures). Among the adopted measures are undergraduate and graduate tuition increases of 154% and 57%, respectively. Dues and fees have increased by 57% since FY2018, while a reduction in tuition exemptions have translated into an additional average revenue of \$16M annually. Measures pertaining to personnel cutbacks have rendered a headcount reduction of over 2,740 employees since January 31, 2018. Another ongoing measure showing promising results are savings achieved through procurement efficiencies. However, the full impact of all the 2022 UPR Fiscal Plan measures is required to achieve fiscal balance, and these are highly dependent on timing. In other areas implementation challenges have been due to various events (e.g., COVID-19 pandemic, reopening plans, measures to return to work).

Yet, to achieve the much-needed savings and revenues outlined in this plan UPR remains cognizant of timing and milestones mentioned in each of the measures. The University continues to actively monitor progress against these targets and submits regular reports to the Oversight Board on its achievement of this plan. These measures are as much about improvement in student outcomes as about savings, slow implementation impedes quality service to students as well.

### EXHIBIT 7: IMPLEMENTATION STATUS OF MEASURES

Measures	Status	Description
<b>Revenue Enhancements</b>		
Increase in Tuition - Undergraduate (net of scholarship fund)	●	Fully compliant with the CFP
Increase in Tuition - Graduate (including maintenance & technology fees)	○	Graduate tuition increased, but not to CFP levels
Dues and Fees	●	Fully compliant with the CFP
Federal Grants and Contracts	○	UPR has increased Federal Funds but not to CFP levels
Trainings, Seminar, Tutoring, & Technical Services	●	Fully compliant with the CFP
Plaza Universitaria Income	○	Not a measure, income included on Baseline
<b>Expense Controls</b>		
HR Optimization: Attrition	○	UPR has reduced Headcount by CFP levels but has not been able to reduce Payroll
HR Optimization: Adjustment in Marginal Benefits	○	Supplemental rules have not been negotiated & Christmas Bonues has not been eliminated
Centralized Procurement & Contract Re-negotiation	●	Fully compliant with the CFP
Reduction in tuition exemptions (considered revenue measure)	●	Fully compliant with the CFP
Pension Reform	○	Annual contribution compliant with CFP
<b>Transformational Enhancements</b>		
Transformation Plan Implementation Expense	●	Fully compliant with the CFP
Implementation expense for Training, Seminars Tutoring	●	Fully compliant with the CFP
Administrative Transformation	-	-

# Chapter 3 Measures to improve fiscal & operational situation

## 3.1 Introduction to fiscal measures

The primary objective of the 2022 UPR Fiscal Plan is to continue the University on the path towards a more sustainable financial position while preserving and, wherever possible, improving its ability to deliver on its mission. All measures were designed in the best interest of improving the institution, with a deep focus on added transparency in both financials and operations. 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.

Per the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”), the Fiscal Plan must cover a period of at least five years and provide a method to achieve fiscal responsibility and access to the capital markets. The COVID-19 pandemic gives UPR another chance to reimagine nearly all aspects of its operating model, a portion of which will be supported by ~\$240M in Federal CARES Act funding and other COVID-19 pandemic-related disbursements. Never has it been more imperative that the University seize this opportunity to make the required reforms.

The 2022 UPR Fiscal Plan includes prudent measures to supplement revenues through non-tuition measures, which serve to limit the need to increase tuition. The 2022 UPR 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.

The University and its staff have been executing the fiscal measures outlined on past Fiscal Plans. Today, we highlight the most recent changes that will help continue the University’s transformation to a stable future state. It is important to observe the University’s progress in bridging the gap between the UPR’s proposed measures and FOMB’s initiatives. Key highlights in this Fiscal Plan include:

1. Full alignment with the FOMB in undergraduate tuition increases and partial alignment with graduate tuition increases;
2. Developed FY2023 projections based on 8 months of actual performance;
3. Updated payroll expense and revised attrition methodology
4. Pension plan contribution for FY2023 totaling ~\$158M;
5. Optimized institutional academic offering through resource sharing;
6. Centralization of Finance and Human Resources Units for greater efficiency and fiscal compliance;
7. Improved administrative processes through initiatives such as Centralized Time & Attendance and Procurement Reform

## 3.2 Summary and impact of fiscal plan measures

The 2022 UPR Fiscal Plan contemplates thirteen measures (EXHIBIT 8): five revenue enhancing measures that, if properly executed, can collectively increase UPR receipts by an average of \$127M per year by FY2027 and four expenditure reducing measures, including pension system reforms, that can drive savings of approximately \$245M dollars per year by FY2027. After accounting for implementation costs, these measures can drive a net improvement in UPR's pre-debt service operating surplus by over \$370M by FY2027. These measures are detailed in Section 3.3-3.5 of the 2022 UPR Fiscal Plan.

### EXHIBIT 8: SUMMARY OF FISCAL PLAN MEASURES

(000's)	Measures	CFP FY'22	FY'22	FY'23	FY'24	FY'25	FY'26	FY'27
<b>Revenue Enhancements</b>								
	Tuition - Undergraduate (net of scholarship fund)	\$71,814	\$69,677	\$74,779	\$77,314	\$79,949	\$82,613	\$85,307
	Tuition - Graduate (including maintenance & technology fees)	17,475	13,359	14,262	15,027	15,556	16,591	17,389
	Dues and Fees	11,740	11,891	11,230	11,072	11,228	11,448	11,667
	Federal Grants and Contracts	15,000	15,000	20,000	20,000	20,000	20,000	20,000
	Trainings, Seminar, Tutoring, & Technical Services	20,000	20,000	-	-	-	-	-
	Plaza Universitaria Income	2,000	-	-	-	-	-	-
	<b>Total Revenue Enhancement Measures</b>	<b>138,030</b>	<b>129,926</b>	<b>120,271</b>	<b>123,413</b>	<b>126,733</b>	<b>130,652</b>	<b>134,362</b>
<b>Expense Controls</b>								
	HR Optimization: Attrition	107,605	92,480	84,708	86,784	93,284	101,972	110,399
	HR Optimization: Adjustment in Marginal Benefits	23,105	8,054	5,582	5,178	7,421	8,782	10,157
	Centralized Procurement & Contract Re-negotiation	19,813	30,635	19,813	19,813	19,813	19,813	19,813
	Reduction in tuition exemptions (considered revenue measure)	16,666	16,347	15,438	16,481	16,768	17,061	17,359
	Pension Reform	83,600	83,600	82,400	80,500	78,800	77,300	76,000
	<b>Total Expense Controls</b>	<b>250,789</b>	<b>231,114</b>	<b>207,941</b>	<b>208,756</b>	<b>216,086</b>	<b>224,928</b>	<b>233,728</b>
<b>Transformational Enhancements</b>								
	Transformation Plan Implementation Expense	(5,016)	(5,016)	(3,346)	(2,846)	(2,346)	(1,846)	(1,346)
	Implementation expense for Training, Seminars Tutoring	(8,000)	(8,000)	-	-	-	-	-
	Administrative Transformation	-	-	(2,446)	(5,645)	(12,337)	(12,337)	(12,337)
	<b>Total Transformational Enhancements</b>	<b>(13,016)</b>	<b>(13,016)</b>	<b>(5,792)</b>	<b>(8,491)</b>	<b>(14,683)</b>	<b>(14,183)</b>	<b>(13,683)</b>
	<b>Total Measures Impact</b>	<b>\$375,802</b>	<b>\$348,024</b>	<b>\$322,421</b>	<b>\$323,678</b>	<b>\$328,136</b>	<b>\$341,397</b>	<b>\$354,407</b>

UPR continued to make progress on implementing measures during FY2022. For example, UPR has continued to comply with all reporting requirements. The University also began to adjust its employee benefits, designed a shared services program for implementation during FY2023 as part of its administrative transformation, and continued to make advances in its Pension Plan reforms.

The execution of all the measures outlined in the Fiscal Plan will place UPR on a path to fiscal responsibility. UPR, as of February 28, 2022, holds ~\$212M in operational cash of which ~\$26M is unrestricted and uncompromised. The 2022 UPR Fiscal Plan 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. As of March 2022, the University has not received the \$94M in Special Appropriations for FY2022. It is expected that approximately \$44M will be allocated for unrestricted cash reserves.

EXHIBIT 9: FINANCIAL POSITION POST IMPLEMENTATION OF ALL MEASURES

(ooo's)	CFP FY'22	FY'22	FY'23	FY'24	FY'25	FY'26	FY'27
Total Central Government Appropriations	\$559,909	\$559,909	\$543,835	\$543,835	\$543,835	\$543,835	\$543,835
Total Operating Receipts	426,059	419,099	423,235	426,254	429,036	432,906	437,504
Total Intra-Government Receipts	172,248	183,438	173,974	176,594	179,144	181,727	184,356
Total Disaster Relief Receipts	-	8,115	-	-	-	-	-
Total COVID Related Relief	128,533	296,646	-	-	-	-	-
<b>Total Receipts</b>	<b>1,286,749</b>	<b>1,467,208</b>	<b>1,141,044</b>	<b>1,146,683</b>	<b>1,152,014</b>	<b>1,158,468</b>	<b>1,165,695</b>
<u>Operating Disbursements:</u>							
Total Operating Disbursements	(\$891,792)	(\$932,562)	(\$937,572)	(\$956,350)	(\$969,882)	(\$975,973)	(\$982,504)
Total Disaster Relief Disbursements	-	(8,115)	-	-	-	-	-
Total COVID Related Relief	(128,533)	(296,646)	-	-	-	-	-
Pensions Payment	(\$121,600)	(\$121,600)	(\$120,200)	(\$120,000)	(\$119,900)	(\$119,900)	(\$119,900)
Capital Expenditures	(25,867)	(26,778)	(27,905)	(27,837)	(27,509)	(27,678)	(28,122)
Restricted: Graduate Tuition	(5,028)	(4,117)	(2,990)	(3,058)	(3,386)	(3,217)	(2,773)
Total CAPEX Equipment	(30,895)	(30,895)	(30,895)	(30,895)	(30,895)	(30,895)	(30,895)
CW Additional Appropriations	(94,000)	(94,000)	(38,583)	(39,136)	(38,793)	(38,338)	(38,676)
<b>Total Disbursements</b>	<b>(1,278,370)</b>	<b>(1,504,035)</b>	<b>(1,138,803)</b>	<b>(1,157,934)</b>	<b>(1,171,024)</b>	<b>(1,176,660)</b>	<b>(1,183,529)</b>
<b>Net Cash Flow (before Debt Service Payment)</b>	<b>8,379</b>	<b>(36,828)</b>	<b>2,241</b>	<b>(11,251)</b>	<b>(19,009)</b>	<b>(18,192)</b>	<b>(17,834)</b>
Debt Service Payment	(48,252)	(44,715)	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)
<b>Net Cash Flow</b>	<b>(\$39,873)</b>	<b>(\$81,542)</b>	<b>(\$46,011)</b>	<b>(\$59,503)</b>	<b>(\$67,261)</b>	<b>(\$66,444)</b>	<b>(\$66,086)</b>

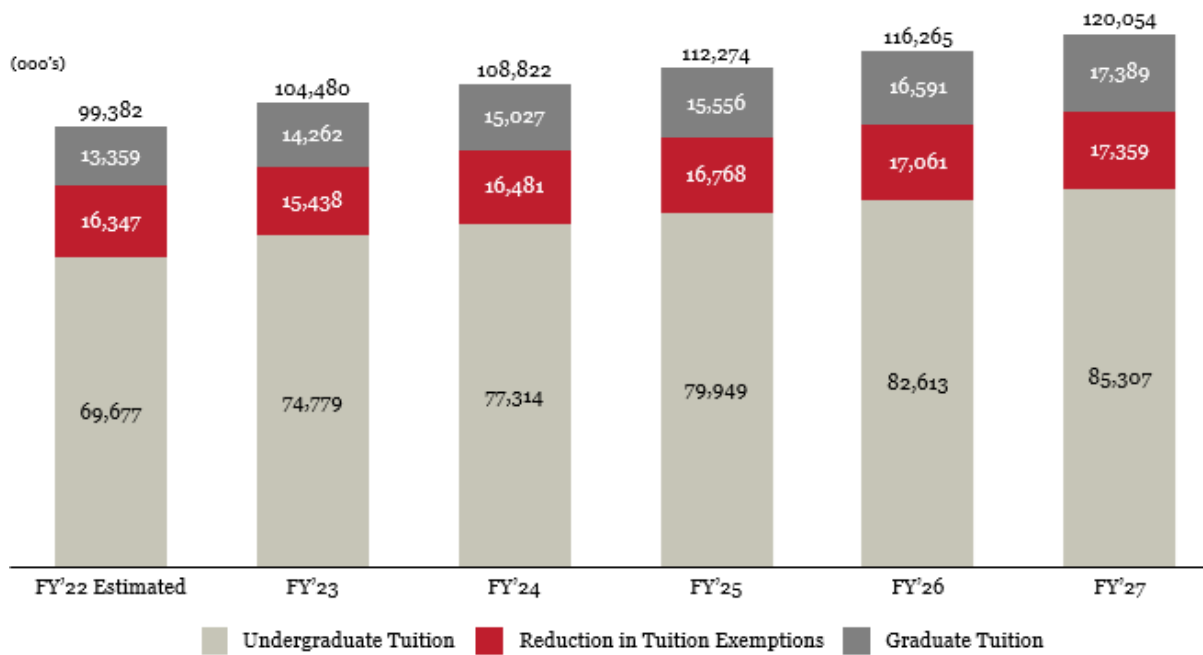
### 3.3 Tuition revenue enhancing measures

In accordance with measures established by the FOMB, between FY2018 and FY2022, the UPR has witnessed a reduction in appropriations of over \$427M, or 49% in balances prior to the enactment of PROMESA. During FY2018, the UPR received \$879M in Central Government appropriations, which represented ~70% of its operational budget. By FY2022, the UPR's had reduced its dependence on the Central Government to around 40% of its total budget.

While the UPR Fiscal Plan for 2022 makes every effort to generate additional revenues from other sources, some tuition increases are necessary. The need-based financial assistance model established during FY2020 allowed 79.1% of undergraduate and graduate students to have their tuition expenses covered by a combination of institutional and federal funding. The UPR Fiscal Plan for 2022 will implement increases in undergraduate tuition costs to support its operational budget. These initiatives are expected to add between \$100 to \$120M in additional revenue a year, between FY2023 and FY2027. Even after implementation of these measures, the UPR will still be the most affordable higher education option on the Island and among the most affordable universities in the United States.



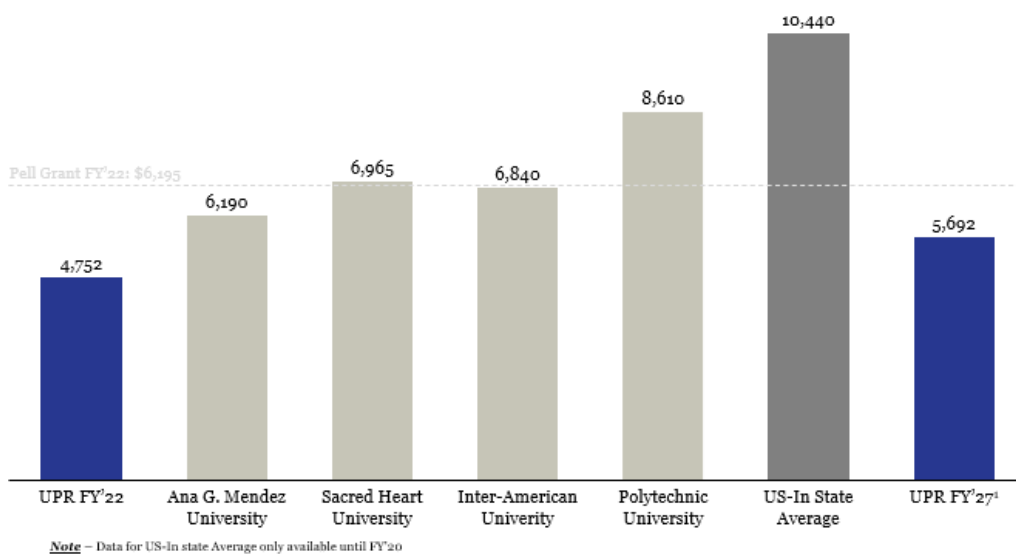
EXHIBIT 10: ADDITIONAL REVENUE FROM TUITION-RELATED MEASURES



**3.3.1 Undergraduate tuition adjustment**

Prior to PROMESA, UPR had not increased tuition at the same rate as other major public institutions in other US states or private higher education institutions on the Island. For the academic year 2021-2022, annual undergraduate tuition (for 28 credit hours) and fees was \$4,752, 33% less expensive than comparable universities in Puerto Rico and 45% lower than the average in-state annual cost at US public 4-year universities (EXHIBIT 11).

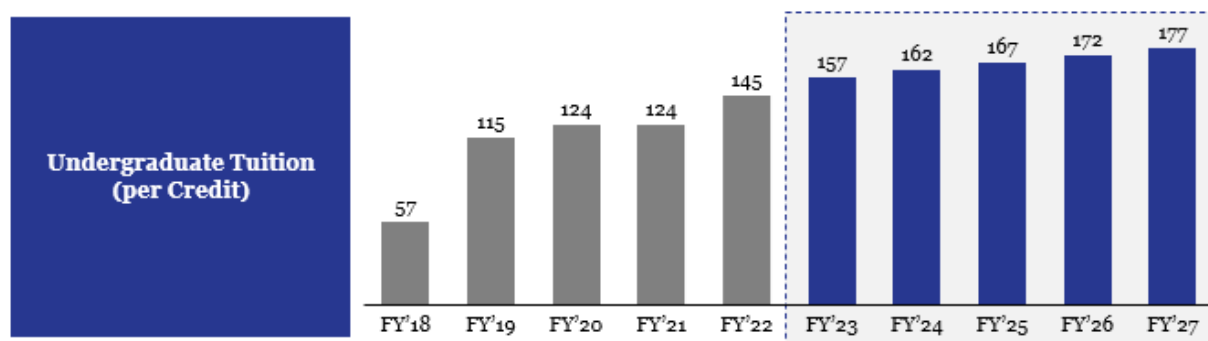
EXHIBIT 11: 2021-2022 UPR UNDERGRADUATE TUITION COMPARED TO OTHER UNIVERSITIES



To bring UPR undergraduate tuition costs more in line with those of its peers while also noting the unique demographics and economic challenges of the Island, undergraduate cost per credit hour will be increased to \$157 during FY2023, the last year as required by the Certified Fiscal Plan for a fixed increase in tuition. For subsequent years, tuition will be adjusted based on

inflation as shown in EXHIBIT 12. Increased undergraduate tuition will enable UPR to augment the share of revenue it receives from tuition to be more in line with mainland peers.

EXHIBIT 12: SCHEDULE OF UNDERGRADUATE TUITION INCREASES (COST PER CREDIT)



### 3.3.2 Tuition exemptions

While to date UPR has made the required adjustments to undergraduate tuition, it has also fulfilled its goals with regard to moving towards a more transparent and need-based system for tuition exemptions. The 2022 UPR Fiscal Plan expands 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 financial need. The UPR made the following changes to its exemptions policy:

- Eliminated 13 of 16 exemption categories (keeping only teaching assistants, student representatives, and veterans).

Students are required to fill out the FAFSA to be eligible for exemptions. All exemptions are administered through the financial aid office with the oversight of the central administration.

### 3.3.3 Adjustment to graduate student tuition

The FOMB requires the University to adjust the cost per credit for graduate programs to be more in line with Island and mainland benchmarks, indexing the increase first to the average public higher education tuition growth over the past decade (3.1%), then to Island inflation (1.0%).

Even with the implementation of all these changes, UPR will remain an affordable and competitive option for graduate studies, compared to other mainland public universities.

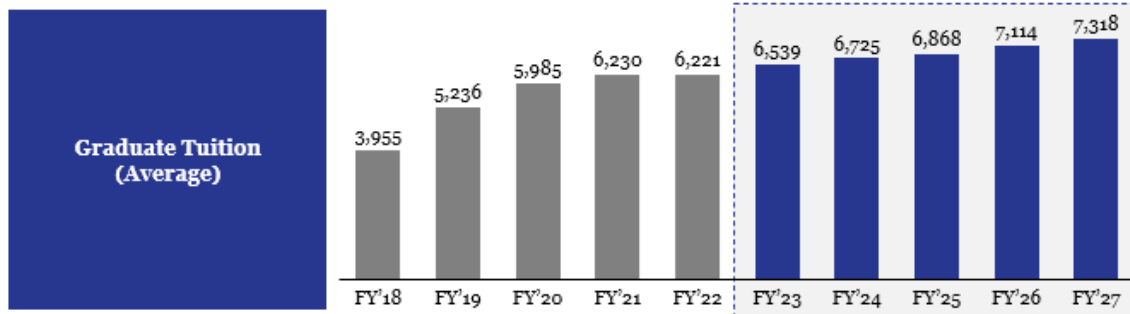
Graduate programs at the University have been strengthened over the past three fiscal years. A continuous evaluation plan of these programs has been reinforced focused on academic effectiveness. Similarly, the development plan for graduate studies at UPR has been characterized as a joint effort with the faculties and schools. The implementation of a work schedule in each of the campuses was started, supported by the innovation of the graduated skilled offer.

During FY2020, changes were made to institutional policies and regulations, such as Certification No. 95 of the Río Piedras Campus, which, among other matters, recognizes the responsibility of the professors in the evaluative process of learning, and periodically communicating the results to their students. Through this Certification, the requirements regarding the digital format are tempered for the delivery and publication of the thesis and dissertation. During this same period and in response to the current labor market, the Governing Board approved the Online Master’s Degree in Business Administration (iMBA) at the Río Piedras Campus from the Faculty of Business Administration, the Master of Laws



(LL.M.) in Orality in the Criminal System Online, from the Law School and the Curricular change to the program of master’s degree in Rehabilitation Counseling, from the Faculty of Social Sciences. An additional achievement in graduate studies is the proposal to establish an Academic Certificate Post-Baccalaureate in Disaster Planning, at the Graduate School of Planning.

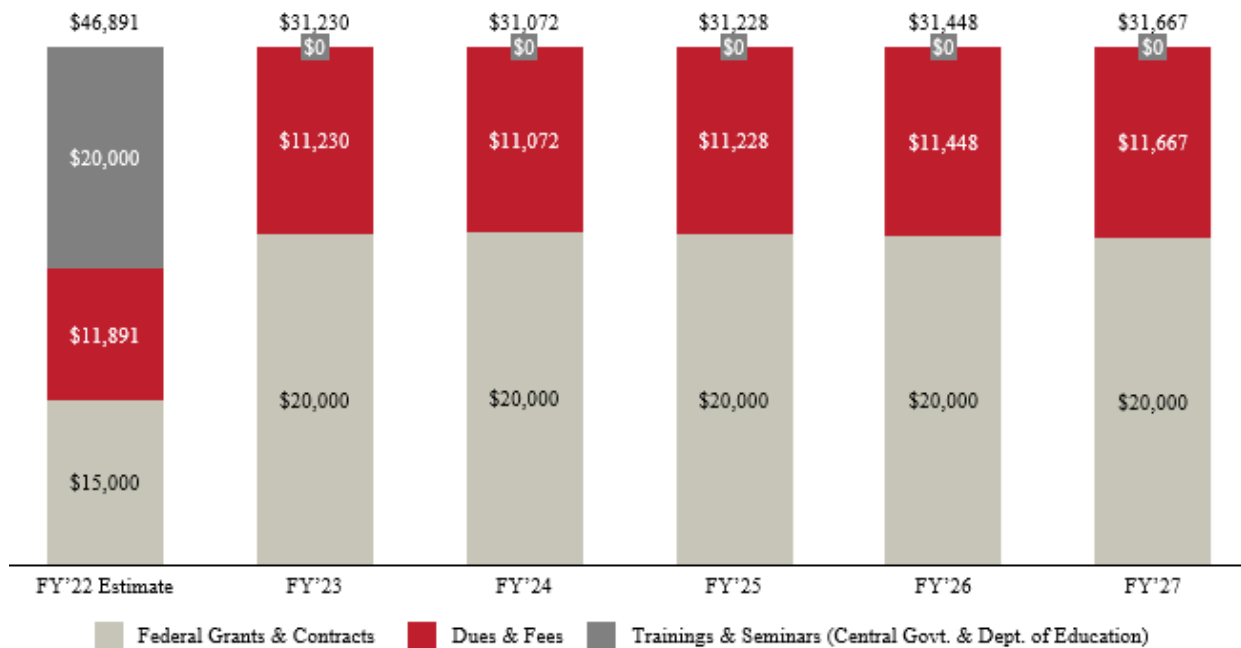
EXHIBIT 13: SCHEDULE OF GRADUATE TUITION INCREASES (AVERAGE)



### 3.4 Non-tuition revenue enhancing measures

The University understands the importance of diversifying its sources of revenue, to not be wholly dependent on student tuition given the ongoing demographic trends. Therefore, one of the first options is to increase revenue from sources other than state appropriations and tuition (EXHIBIT 14). These alternative sources include federal grants and contracts, services provided to the central government, and other self-generated revenues.

EXHIBIT 14: ADDITIONAL REVENUE FROM NON-TUITION REVENUE ENHANCING MEASURES  
(000's)



#### 3.4.1 Adjustment to dues & charges

Following a UPR Governing Board resolution, dues and charges have been gradually increased from FY2019 to FY2022. Dues and charges have increased by 57% since FY2018. This measure has three components:

- In the 2019 Certified Fiscal Plan, 4 fees were added: summer maintenance fee; partial drop in courses charge; full drop in courses charge; and repetition of courses charge. Together, these 4 fees equal \$95.
- From FY2025 onwards, they will grow with inflation.

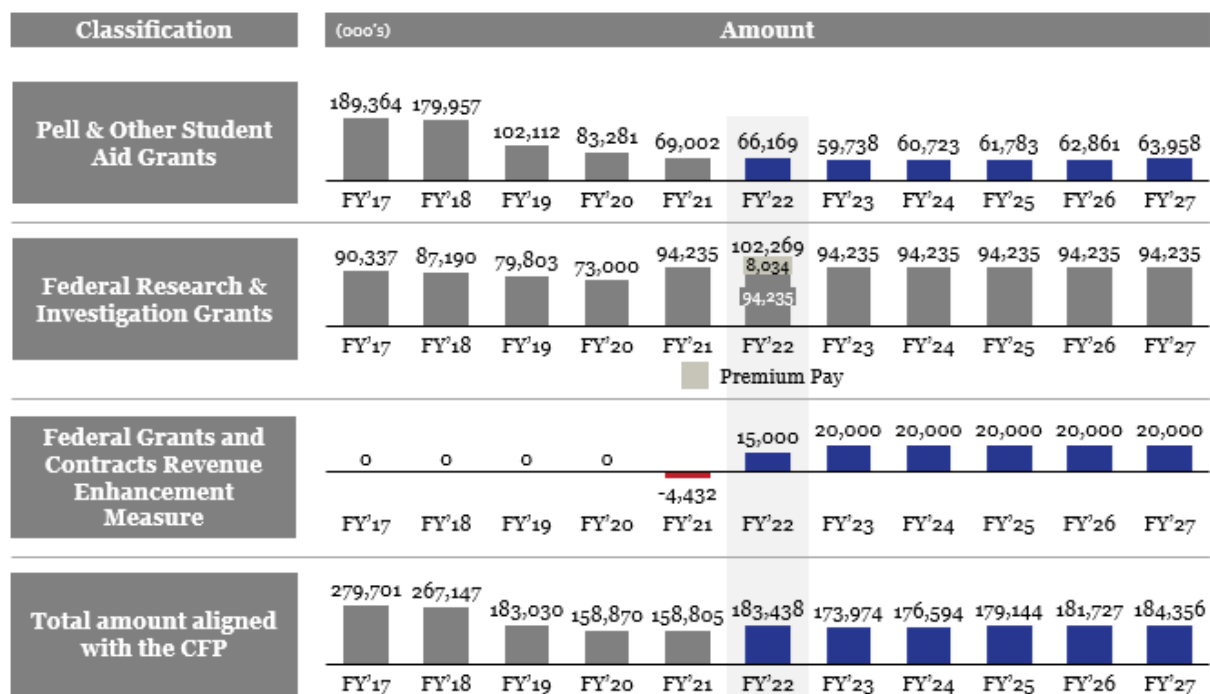
### 3.4.2 Increasing federal grants and contracts

The UPR understands the importance of Federal Funds. A critical measure for the University is to increase revenue from Federal Research & Investigation Grants & Contracts.

University driven R&D plays a significant role in Puerto Rico’s economic growth and innovation. The University has ramped up R&D activities since 2017 to remain competitive academically. Between FY2020 and FY2021, the University was averaging ~600 proposals per year with an approval rate between 38% - 44%. Federal research project proposals were particularly challenging during FY2022 due to the pandemic and its effects on academic in person learning. As of December 2021, 218 research proposals had been submitted with a 40% approval rate observed. The monetary value of the submitted proposals as of December 2021 was \$203M, with \$32M already approved.

The University has historically received ~\$80M per year in federal funding. In FY2020, the UPR received grants which amounted to \$161M, not including FEMA funds. The UPR Revised Fiscal Plan for 2022 expects these funds to increase ~\$20M by FY2023 through the provision of resources for grant applications and other support efforts.

EXHIBIT 15: INCREMENTAL REVENUE FROM FEDERAL FUNDS



### 3.4.3 Providing services to the Central Government

#### Training & tutoring services to the PRDE and the Central Government

UPR has received ~\$20M in gross additional revenue (~\$12M in net additional revenue) per

year since FY2019 for tutoring and training services to both governmental entities. As of February 2022, ~\$57M in revenues have been realized in training and tutoring programs, with additional revenues incoming from various Units. The teacher acceleration course program (“PADE” for its Spanish acronym) provided to PRDE is launching a second phase during FY2022 with over \$10M expected in earned revenue.

The 2022 Fiscal Plan intends to utilize the funds accumulated to date. The University will continue to provide the following allowed services that UPR realizes to recognize revenue. UPR must manage the costs of delivering these services to ensure incremental revenue is available to use against other operating expenses:

- Tutoring services for students.
- Acceleration course program for PRDE teachers.

The rendering of services under the Training and Seminars Program will enable UPR to contribute to the growth and recovery of Puerto Rico’s economy by expanding the capability of current employees and positively impacting student outcomes, ultimately improving the quality of education on the island.

Other ad hoc partnerships with the central Government qualify under this program as detailed below:

### **Technical Services to Government Agencies: Property Registry**

Registering properties is critical to the economic development of Puerto Rico since the information it contains provides legal certainty to real estate transactions. As of November 2019, the Property Registry, which is part of the Department of Justice (“DOJ”), had a pending document backlog of 414,576 documents.

UPR offers a work-study program (the “Program”) for its students to work in the Property Registry to help reduce backlog at a fraction of the initially projected cost while providing valuable experience to student participants on the intricacies of the legal processes surrounding property registration. For the first semester of FY2022, the students handled between 8,000 - 9,000 documents, and the expectation for the second semester is for an additional ~8,000 documents to be examined.

Responsibilities of the selected students include, but are not limited to:

- Administrative assistance consisting of registration of documents related to real estate.
- Study and dispatch of various documents related to mortgage cancellations, vouchers, declaration of heirs, expropriations, and other.
- Examining and identifying documents that do not meet agency or legal requirements.
- Preparing registration minutes of assigned cases.
- Calculating amounts on internal revenue stamps and vouchers required for registry.

### **Technical Services to Government Agencies: Permits Management Office**

The Permits Management Office (“OGPe”) is responsible for issuing final determinations and permits, licenses, inspections, certifications, and any other authorization needed to respond to requests from citizens. The main goal of this entity is to facilitate and promote sustainable integral, economic, and social development of Puerto Rico that would result in the increase,

improvement, and diversification of industries and job creation in the private sector.

OGPe signed a collaboration agreement with UPR providing an internship opportunity with pay for UPR students. There are currently 106 selected students from 8 different campuses assisting in different areas ranging from Permit Management, Incentives, Planning, Finance, Project Management, Human Resources, and specific development programs. Their work is both in-person or performed remotely and is providing concrete results for the agency.

### **Technical Services to Government Agencies: State Department**

Current occupational licensing requirements complicate the entry of certain workers into the formal workforce and expose applicants to long waits. Occupational licensing can improve the quality of services provided while improving public safety, but the practice can also restrict labor force participation and economic output while increasing the cost of goods and services. To promote labor force participation and facilitate migration to the island, the government should update, simplify, or eliminate occupational licensing requirements, considering experiences in other US jurisdictions.

In collaboration with the UPR, the Department of State will obtain the necessary data to make a comparison between Puerto Rico and the Mainland regarding the scope and the specific burdens of occupational licensing, using the methodology presented in the License to Work study prepared by the Institute of Justice. The project's objective includes recommendations on the need to reduce the burden for Puerto Rico's occupational licenses and proposals to review certain occupations requiring a license. These have been completed for the licenses under the scope of the License to Work study, a total of 25 out of 140 licenses. However, most of the licenses in Puerto Rico do not fall under the License to Work study (115 out of 140) and therefore a second phase of the project would analyze the remaining licenses and their requirements. This technical service acquires the information and data needed to assess current operational efficiency in established systems and processes currently employed to obtain occupational licenses.

### **3.4.4 Additional opportunities for auxiliary revenue**

Over time, and without distracting from implementation of core operating reforms, UPR continues to 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 10). When pursuing additional sources of revenue, UPR must ensure transparency and controls, making sure that all self-generated revenues are recorded and properly reported as part of the consolidated financials.

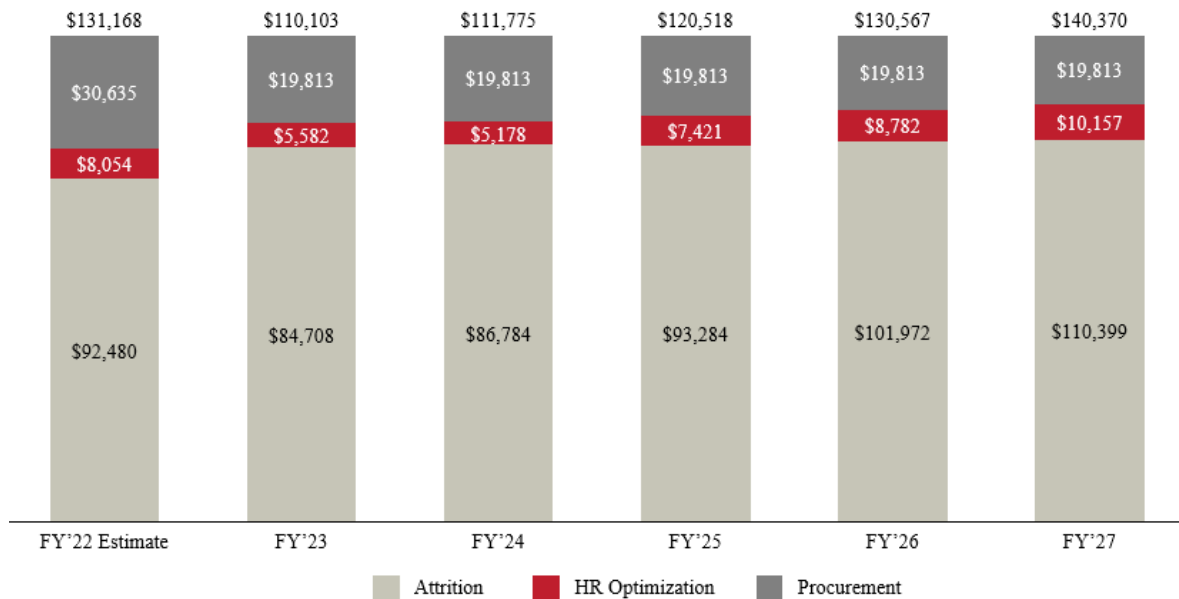
### **3.5 Expenditure reducing measures**

The 2022 UPR Fiscal Plan calls for a continued reduction in operating disbursements. 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 of academics.

Ultimately, these expense control measures will drive an average of over \$145M in savings per year in addition to improving the operational performance of the University (EXHIBIT 16).

## EXHIBIT 16: IMPACT OF NON-PENSION EXPENDITURE MEASURES

(000's)



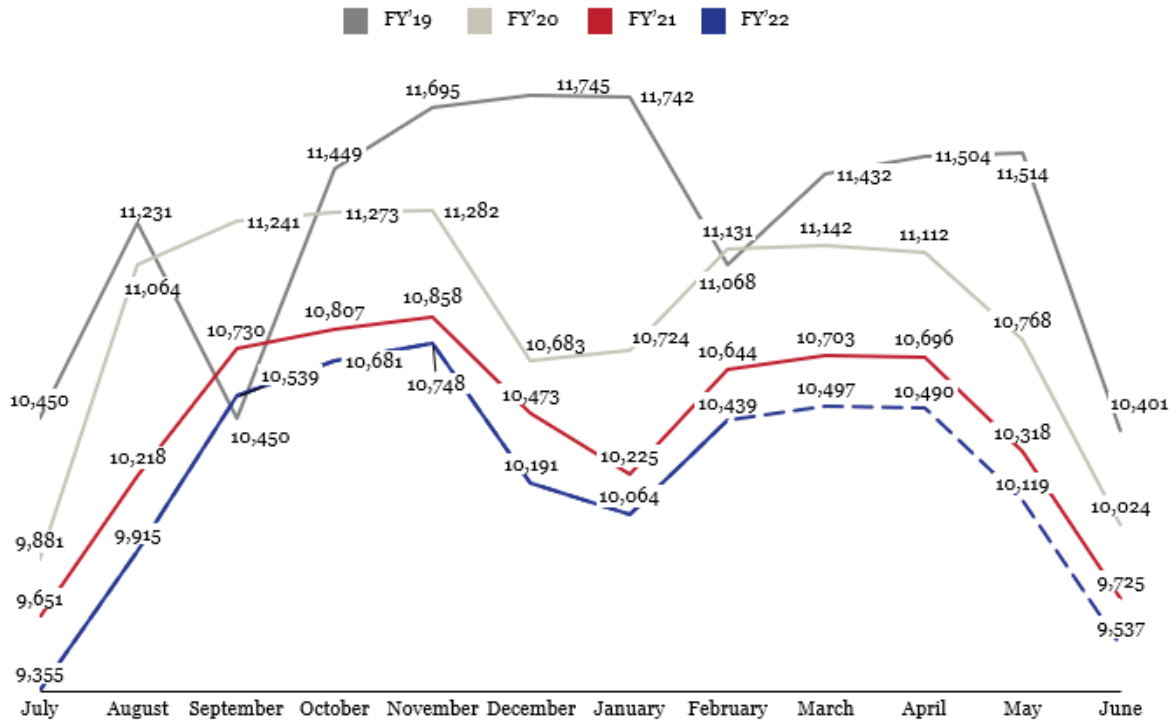
### 3.5.1 Attrition

Largely enabled by a successful administrative transformation, UPR is expected to reduce its overall administrative headcount by:

- Reducing non-faculty and other administrative personnel through attrition, enabled by a combination of administrative consolidation across campuses, and other process efficiencies
- Reducing the number of trust and senior administrative positions

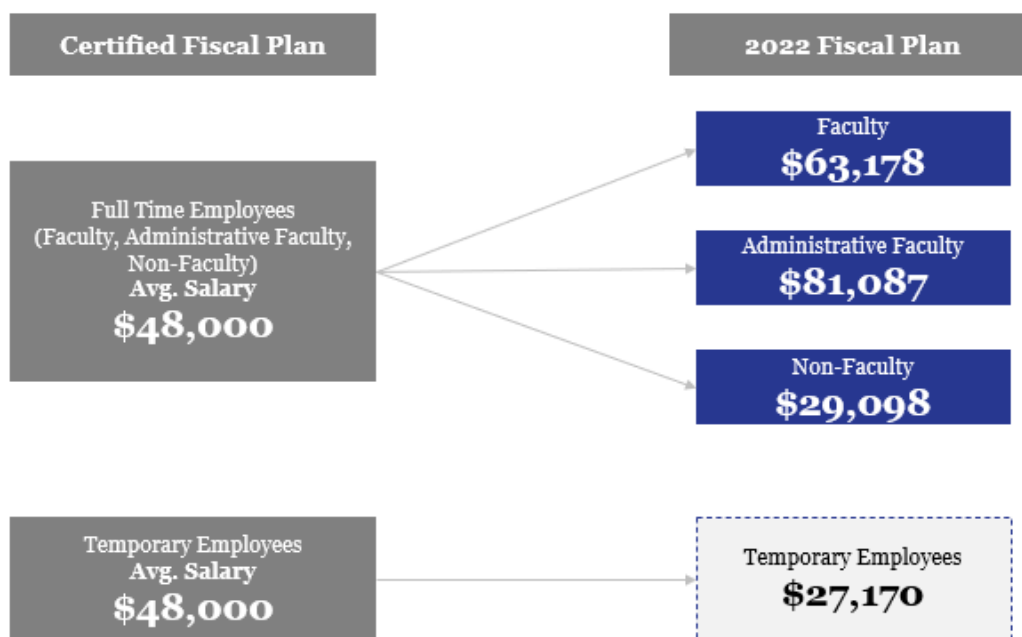
UPR employee headcount, however, observes a natural seasonality throughout the academic year. FY2022 has seen the employee headcount range from 9,355 in July to 10,748 in November and is expected to decrease to ~9,600 by June 2022.

EXHIBIT 17 - HISTORICAL HEADCOUNT COMPARISON



The Certified Fiscal Plan’s Attrition Model assumes of a 3% annual decrease in administrative employee headcount. However, average salaries vary significantly among employee categories. In order to more accurately project the University’s payroll savings, the Attrition Model for the 2022 Fiscal Plan has detailed the average compensation for each employee category, as shown in Exhibit 18 below.

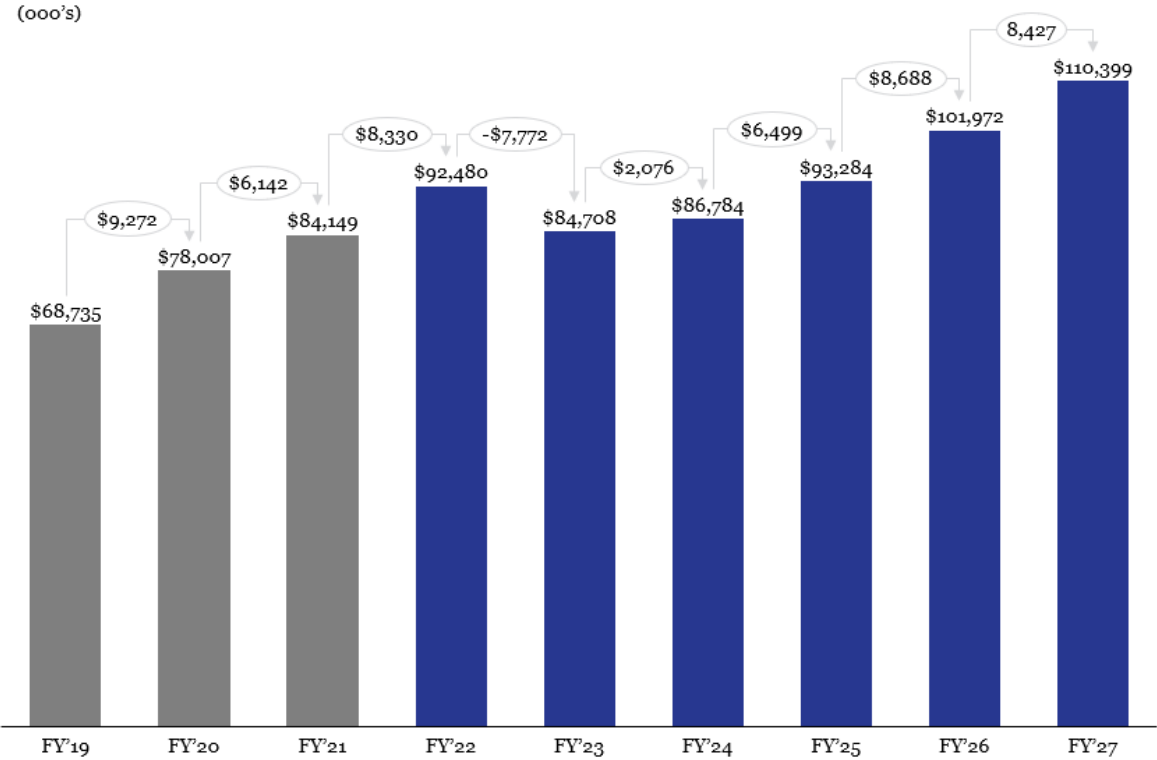
EXHIBIT 18 - ATTRITION MODEL METHODOLOGY



In order to maintain the highest level of instructional quality UPR plans to increase faculty annually by up to 3% per year throughout the Fiscal Plan period, as mentioned in previous Certified Fiscal Plans. This increase is calculated based on total payroll expense for all Units, to provide a clear increase across the System. These changes and expected enrollment declines will enable UPR to improve on its average historical student-faculty ratio of 18.9:1. The 3% increase in faculty payroll is only for teaching faculty and does not include administrative faculty payroll. Additionally, the increase should be distributed by a needs-based academic offering demand, it does not necessarily apply for each unit.

The attrition expected for the next five years has been adjusted with current payroll performance.

EXHIBIT 19 - ATTRITION MEASURE FROM FY2019 - FY2027

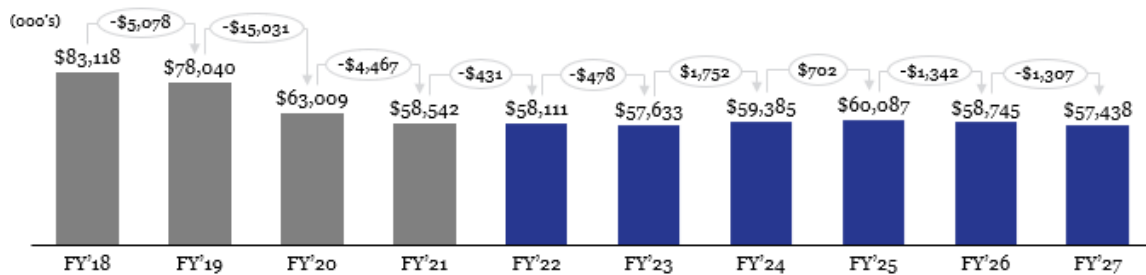


### 3.5.2 Benefit adjustments

As required by the FOMB, the UPR has implemented changes to the marginal benefits offered to its faculty and employees. The largest impact concerns the medical insurance offered by the UPR. The University will be aligned with the CFP Medical Insurance Expense for Faculty & Non-Faculty but will have a higher monthly payment for employees with a pre-existing condition (72% of employees receiving Medical Insurance). Starting in FY2020 medical insurance employer contributions renegotiations brought about savings of \$6.4M during FY2021. For FY2022 the total annual expense is expected at \$58,111, for an additional \$6.4M in savings versus baseline.

EXHIBIT 20 - MEDICAL INSURANCE BENEFIT

Employee	Receiving Medical Insurance	Monthly Payment	Total Annual Expense (000's)
Faculty	799	\$390	\$3,737
Non-Faculty	1,390	\$125	\$2,085
Pre-existing Conditions	5,713	\$755	\$52,289
<b>Total</b>	<b>7,902</b>	<b>-</b>	<b>\$58,111</b>



### 3.5.3 Centralized procurement efforts & contract renegotiations

From FY2023-2027 UPR should maintain ~\$20M already achieved in annual savings on non-payroll, direct operating expenses from FY2022. Given that a large portion of these savings relate to a reduction in procurement volume due to the COVID-19 pandemic, it will be important that the institution sustains the already achieved savings. (e.g., consolidated purchasing) and demand-side reforms (e.g., optimizing IT refresh cycles).

This savings target represents a ~12% reduction in addressable procurement spend. 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 best on procurement efficiency initiatives in similar institutions.



As with other university systems around the country, COVID-19 presented unprecedented humanitarian and fiscal setbacks that challenges the administration to rethink its operating model in ways it has never had to consider before. However, in these challenging times, there is also opportunity. In ‘reimagining’ its future operations, UPR aims to build a system that is more resilient, transparent, and higher performing.

Additionally, Puerto Rico’s macroeconomic and social demographic realities have presented a challenge to the past and current University organization. Most all fiscal constraints have been presented and implemented by the Institution, but looking forward, the University must rethink its academic and administrative structure and services, one of which comprises a reduction of ~15,000 students and ~3,700 employees.

UPR has already begun focused efforts to achieve an effective administrative transformation and outlined the following efforts:

#### **4.1 Administrative Working Groups**

The administrative change strategy is based on the creation of working groups represented by administrative staff from each of the UPR system units, including Central Administration. Each group is divided by administrative areas (e.g., purchasing, human resources, document management, etc.). The groups meet under a working methodology designed to promote cultural change based on structured dialogue, decision-making, and empowerment. Based on this methodology each of the working groups perform the following actions in their work areas:

- Review of regulations: Each working group meets to identify areas of regulatory limitation and inefficiency that affect the quality and service of its functions. After identifying these limitations, the working groups agree on the recommendations they will make to amend the regulations.
- Operational transformation proposals: Each working group evaluates inefficient processes in its work areas and proposes timely recommendations on the changes needed to generate efficiencies in administrative services. Similarly, they identify areas of collaboration and areas where, for reasons of administrative efficiency, it is necessary to maintain in each unit.
- Education and Training: Each working group identifies training areas to temper actions to new regulations and, in turn, improve administrative services.
- The strategy of the working groups has been recognized as an essential contribution of administrative transformation because each unit can propose systemic changes that improve collaboration between the units. This strategy is not intended to be a standalone event. Rather, the process of regulatory review, proposals for administrative transformation and education must be a continuous one and sustainable over time.

For the UPR this as an opportunity to ‘reimagine’ what it could become over the next coming years. The University must seek to concentrate resources on the academic and research core that is at the heart of UPR’s mission, while enabling savings targets.

##### **4.1.1 The 2022 UPR Fiscal Plan approach**

The UPR is prioritizing the administrative transformation set forth in this 2022 UPR Fiscal Plan. This section will illustrate the potential of the administrative transformation through processes and initiatives that could be redefined in the Finance department.

The UPR has taken the following approach towards a redesign of the scope of the administrative transformation.

- **Diagnostic phase:** The University should map thoroughly the current state of its operations and identify an objective, fact-based perspective on areas selected (e.g., IT, HR, Finance, Enrollment Services) for greatest efficiency/efficacy improvement.
- **Process redesign phase:** With the diagnostic completed, UPR should build out the future state operating model focusing on the areas with greatest opportunity, while also applying a lens of feasibility about capability and timeline. This does not mean shying away from bold initiatives, especially considering the current COVID-19 operating challenges, but rather developing a portfolio of initiatives that balance the need for near-term improvement with the University's ambitious long-term fiscal priorities.
- **Initiative implementation phase:** With a clear set of defined initiatives, UPR should move towards their implementation. Initiatives should have clear owners and a system of accountability through centralized management, or 'transformation office.'

The UPR understands the Fiscal Plan's sole intention is to guide the academic aspect of the institution as a top priority, not to impact students, faculty, or the learning experience. UPR is developing strategies upon these realities and analyzing if the University requires so many administrators and acknowledge the potential savings a reduction in bureaucratic positions would imply; savings that could be used towards other initiatives. The Fiscal Plan maintains that the reduction in duplicity as a result of administrative and back-office consolidation would benefit the institution and improve the student experience as whole.

## 4.2 Targeted Initiatives Being Implemented

The UPR's Administrative Transformation has been the focus of much attention and discussion for the past five years. The University's effort on sustainability is not only financial, the UPR has three main challenges that overshadow its stability: student, workforce and financial. The University, now more than ever, must redirect its efforts to administrative transformations that result in efficiencies and better student services. While the current system is a very complex one from which substantial changes will take time, there are concrete opportunities that chart the path to immediate results. The following programs were developed during FY2022 and expect to commence implementation during FY2023.

### 4.2.1 Academic Transformation

The Academic Transformation efforts aim to champion social, cultural, and economic growth in alignment with the needs and priorities of the private and public sectors while strengthening the academic experience.

The 2022 Fiscal Plan is not centered on cost reductions alone. The consolidation of programs and services are designed to improve both student experience and educational outcomes. For example, a compliance scan of UPR's academic programs found many programs with graduation rates below 25% and non-compliance. A critical goal of the 2022 Fiscal Plan is the

re-focusing of resources on the strengths of the system – making sure students are receiving both an affordable and high-quality education.

The UPR is currently conducting a system-wide effort to evaluate and score all outstanding academic curriculums. The finding will provide the tools to better serve the student population while reducing redundant expenses.

#### **4.2.2 Shared Services Model Pilot Program**

The Shared Services Model Pilot Program identified concrete opportunities that chart the path towards immediate results. With the proposal of shared services, this Model seeks to address the flaws within the current operational design of the UPR system that no longer respond to the University's current needs. The Pilot Program designs a shared services structure between the Units of Aguadilla, Arecibo, and Utuado. It establishes opportunities for collaboration between these Units to maximize non-faculty resources across administrative offices. Among the amenities included in the model are economic incentives for personnel and the System, and their employees do not require physical transfer to different Units. Furthermore, this Model does not contemplate layoffs or closure of Units. Instead, it focuses on seeking sustainability for all UPR Units in the long term.

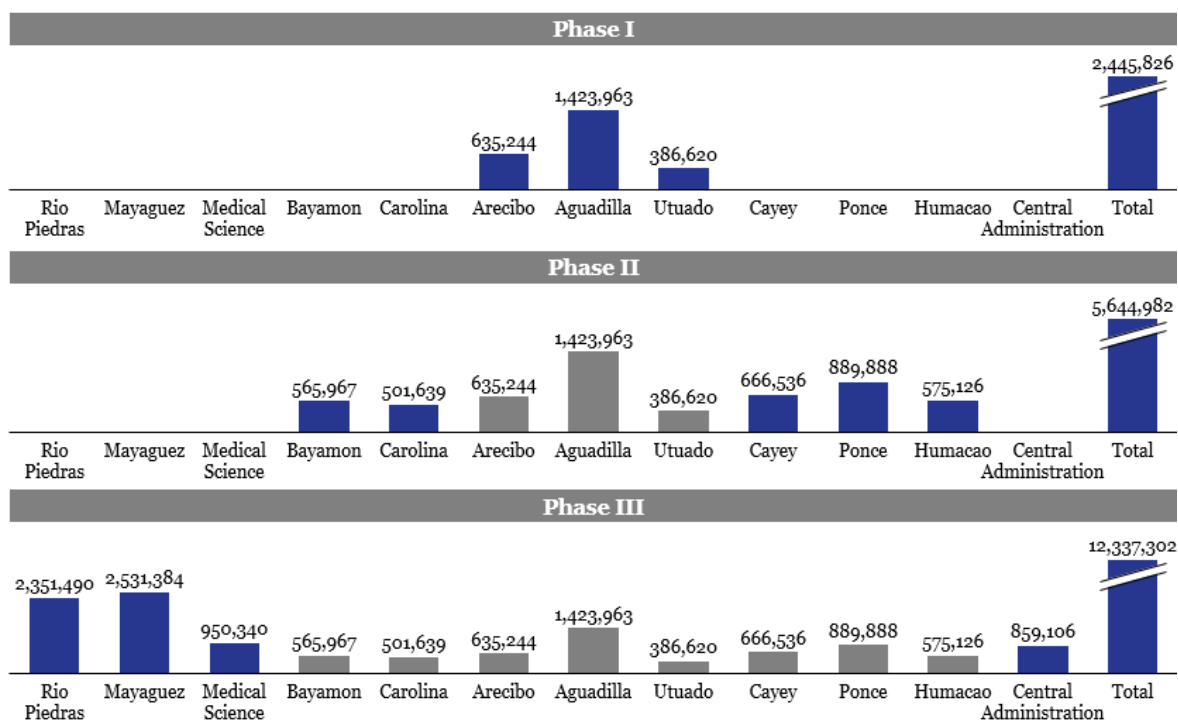
UPR Arecibo, for example, will increase its staff by 32 employees who will be transferred from UPR Utuado. UPR Aguadilla will permanently share support from 5 offices with Arecibo and Utuado: Finance, Information Technology, Planning, Human Resources, and Financial Assistance. Transactional Shared Services, as an optional program, will provide task-specific administrative opportunities to the 3 Units, as needed.

The Shared Services Model estimates that with an annual investment of ~\$2.4M, 130 permanent positions will be created, and 295 employees would receive salary or incentives for participating in the Pilot Program. In all, some 343 employees would benefit from the Shared Services Model out of 570 total non-faculty employees among these Units. In addition, \$250K would be allocated from the PMO budget to support transactional services within the Units and/or specific initiatives, such as technology investments.

The implementation process of this Pilot Program includes progress evaluation, target-specific metrics, and performance. In addition, a self-evaluation process will be incorporated to collect the input of the participating employees seeking to identify opportunities and necessary adjustments that result in long-term benefits to the Units.

#### **4.2.3 Shared Services Model – Additional Phases**

After the successful implementation of the Pilot Program, the University expects to expand the Shared Service Model throughout other Units. As scheduled in EXHIBIT 21.



#### 4.2.4 Centralized Finance Office

As part of the Administrative Transformation the University will seek to centralize its Finance & Budget and Human Resources functions more effectively to have additional oversight of the entire System. In order to continue to align itself with past FOMB requirements and achieve a more proactive control and oversight over its units, the Office of the CFO will:

- Combine all accounting and finance-related offices under a single Finance Office in each Unit to streamline organizational structures across the UPR System.
- Reduce Finance Offices from 53 Offices to 26 Offices (1 Finance & 1 Budget per Unit).
- Strengthen central CFO office function to have direct reporting with all unit financial leads.
- Move towards integrated enterprise performance and financial management systems across all units, creating efficiencies, adequate reporting, and monitoring.
- Implement budget vs. actual reporting at line-item level for each unit and component included in the consolidated UPR budget: Budget Director should ensure reporting is accurate and submitted on time.
- Require units and component units to have approval from the CFO of all positions (new and replacement) both permanent and temporary – no matter the source of funding. Excludes positions financed by Federal Funds for Investigation & Grants.
- Require units and component units to report to CFO all self-generated income and related expenditures above threshold amounts (e.g., \$10,000).

- Create team to assist with improving, monitoring and reporting on all items outstanding with credit agencies, financial institutions, bondholders, and auditors.
- 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.

Similar to the Office of the CFO, the Central Office of Human Resources will:

- UPR has disjointed enterprise resource planning and HR / payroll systems across 13 units and component units.
- Require units and component units to have approval (jointly with the CFO) of all positions (new and replacement) both permanent and temporary – no matter the source of funding.
- Oversight of all units Time & Attendance platform
- Require minimum lag in Time & Attendance reporting for employees
- Revamp current HRSS and other HR technology platforms in order to provide up to date information on actual positions, full compensation packages and other
- Require the execution of the New Classification and Retribution Plan

#### **4.2.5 Centralized Automated Time & Attendance**

The 2022 UPR Fiscal Plan presents the implementation of a System-wide automated time and attendance (T&A) system that ensures only active employees who are working get paid, and thus prevents errors in payroll processing. This initiative aims at centralizing T&A across the 12 UPR units and impacts over 10,000 employees. Although, certain UPR units already have the same technology platform for employee attendance registration in place, attendance registration systems may not be fully integrated with current payroll systems. This initiative seeks to link time and attendance systems to payroll systems.

The Centralized Automated Time and Attendance initiative solves both fiscal and operational issues by ensuring the UPR has proper payroll controls. In addition to preventing fraud, it enables agencies to validate personnel assigned to offices/areas, measure compliance with assigned work schedules, and identify critical vacancies. To implement this project successfully, the project will include appropriate T&A policies, procedures, and internal controls across all units, as well as a communication, prevention, and accountability plan to eliminate time not recorded. The University PMO is leading efforts along with central administration to complete implementation during FY2023.

#### **4.2.6 Centralized Procurement Reform**

One of the key fiscal measures to control operational expenses entails continued annual procurement savings. University procurement processes include addressable and non-addressable expenditures. Non-addressable spend includes scholarships and donations, utilities as well as expenses related to Joint Resolutions. Addressable expenses include materials and supplies, purchased services, transportation, advertising, and other operating payments. Procurement inefficiencies are historically rooted in its lack of centralization and lack of synergies between campuses. To produce annual savings, the UPR began concentrating certain purchases across campuses to seek both, large scale economies, and as the most cost-effective options.

During FY2021, Act 73 of 2019, known as “Ley de la Administración de Servicios Generales para la Centralización de las Compras del Gobierno de Puerto Rico de 2019” dispositions were enacted. Although the law categorizes the UPR as an exempt entity, it imposes procurement methods that do not align with previously planned procurement reform efforts and hinders the ability of the UPR to accomplish those efforts. As an example, the number of bids (either informal or formal), which is the most complex type of transaction, would increase 777%. Similarly, the number of transactions that requires multiple quotations is increased 629%. The implementation of this law in UPR has shown that the costs of goods has increased due to the limited quantity of approved suppliers in the GSA register. Likewise, there is an opportunity cost in lost acquisitions due to delays in the processes.

The UPR believes it necessary to receive a full waiver of the application of this law as a measure to reduce costs, increase administrative and budgetary efficiencies, and regain market competitiveness. During FY2021, UPR and GSA officials agreed the University should adjust its Procurement Regulation to efficiently implement certain requirements, maintain the clauses necessary to comply with federal regulations and a letter to officially justify why the University of Puerto Rico should be able to enact an internal Procurement Regulation different from GSA’s. A complete exemption from this law, however, would allow the UPR continuous compliance with Fiscal Plan savings and greater operational efficiencies.

#### **4.2.7 External Review Committee of Medical Sciences Campus**

The initiative arises from the urgent need to seek alternatives to transform the Medical Sciences Unit to face the multiple challenges it’s currently confronting.

The External Review Committee for the Medical Sciences Campus (ERC) was developed during FY2022 and is made up of 17 professionals. The purpose of this Committee was to gather leading professionals to objectively evaluate the operation of the Medical Sciences Campus and provide optimization recommendations. Once the resources were identified, their backgrounds, education and expertise were referred to the Dean of the RCM for their input and identification of possible conflicts. Having not received notification of conflicts, work continued with the group of identified professionals.

The Medical Sciences Unit, like the other components of the UPR, is undergoing a transformation process to meet the challenges posed by the Oversight Board under the PROMESA. Therefore, the purpose of the ERC is to analyze specific aspects (administrative, academic, research and services, among others) of the Medical Sciences Unit to identify specific areas where there is a pressing need for restructuring and / or change, and thus assist in this entrustment to the Governing Board of the UPR. The ERC will submit a complete and comprehensive report to the Governing Board (which will later be shared by the central

administration and the Medical Sciences Unit) identifying its strengths and those areas where change and reform are necessary. In addition, as part of the report, it will provide alternatives for improvement and identify new and special opportunities for the institution. Its focus is for the sustainability of the Medical Sciences Unit.

It has been over 25 years since this type of external evaluation of the Medical Sciences Unit was performed. This assessment has the great advantage of providing the perspectives of experts external to the institution. It should be noted that the emphasis and purpose of this ERC assessment is different from those conducted by accrediting agencies.

#### **4.2.8 Real Estate & Asset Mapping**

The University will be receiving support from the FOMB in developing a Real Estate and Asset Mapping of all University assets. This initiative will provide visibility and target optimization opportunities for all assets of the institution. The initiative will pinpoint all services offered currently by university personnel, whether University-owned or other third party. The initial phase of the initiative will be conducted within the Medical Science campus.

## **Chapter 5 Recovery Funds**



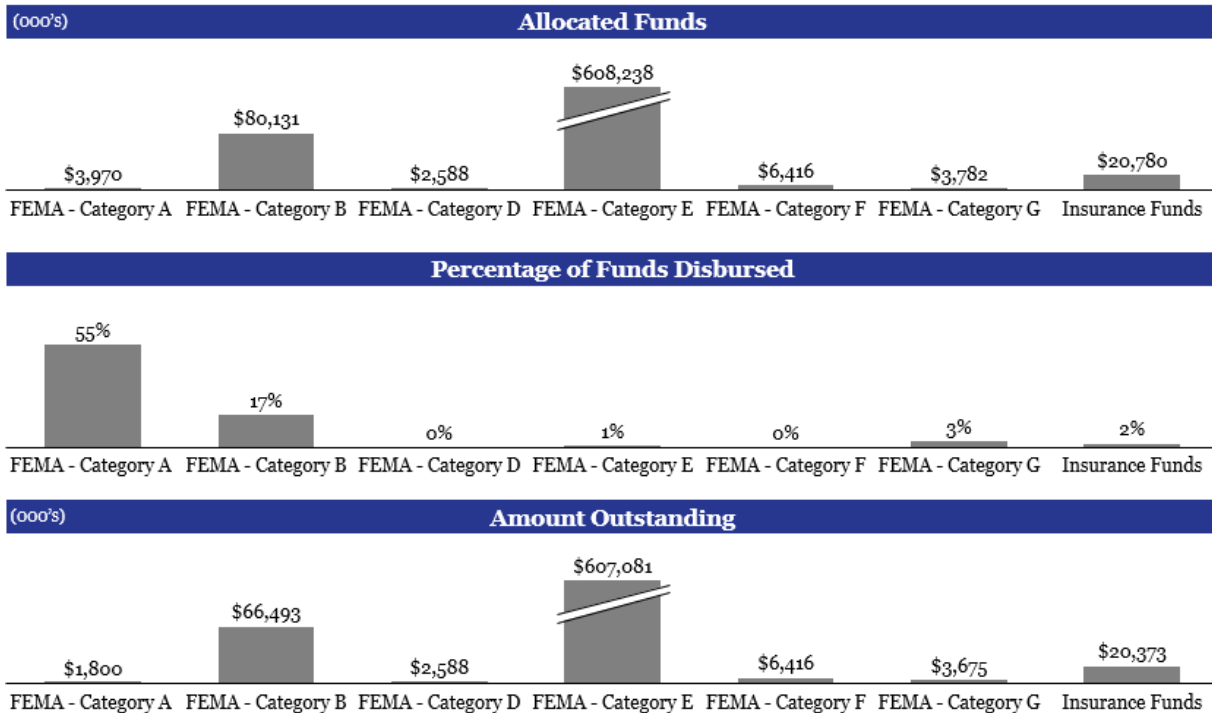
## 5.1 Natural Disaster Recovery Funds

The natural disasters of Hurricanes Irma & Maria in 2017 heavily impacted the University's infrastructure. Funds assigned for Hurricane Maria related damages, are intended to repair and rebuild the UPR's infrastructure derived from its insurance claims and FEMA programs. Of these funds, the insurance claim payout allocation represents \$20.8M towards infrastructure. These funds are already assigned to academic infrastructure projects within various units and currently have \$20.2M in outstanding reimbursements.

Currently, UPR is in full compliance with FEMA and the information required by the Federal agency at systemic levels. In addition to disaster recovery funding, UPR also presented proposals under the FEMA 404 Program. Projects that were not admitted under the 404 Program, were proposed to the CDBG-MIT Hazard Mitigation Action Plan. The University was granted CDBG funds with a 10% fund matching requirement to be invested in physical improvements pre-approved by FEMA categorized as permanent projects.

To date, there are \$705M in allocated towards federally funded infrastructure projects at the University. The cost-share distribution is 90% FEMA funds (\$636M) and 10% CDBG funds (\$69M).

EXHIBIT 22 - DISBURSEMENT STATUS OF RECOVERY FUNDS



## 5.2 COVID-19 Pandemic Relief Funds

In response to the COVID-19 pandemic, both the Federal Government and Puerto Rico Government have launched major relief packages to contain and mitigate the spread of COVID-19, support residents and frontline workers, and help the Island's economic rebound. There have been multiple rounds of federal assistance which have included direct assistance to individuals, families, and businesses, as well as funding provided to local governments to assist with pandemic response.



The CARES Act was enacted on March 27, 2020, as the federal government’s response to the economic standstill brought about by the COVID-19 emergency. The CARES Act assigned \$14.25B to the newly created HEERF. These funds are for higher education institutions to prevent, prepare for and respond to the coronavirus emergency. The CARES Act required at least 50% of the funds be distributed through student grants and for each institution with amounts based on student enrollment. The University received a total allocation of \$81.1M, from which \$40.7M was distributed among ~44,400 students and \$34.3M spent on institutional expenses as of January 2022.

A second relief package HEERF II was authorized by CRRSAA Act, on Dec. 27, 2020. In total, the CRRSAA authorized \$81.88B in support for education during the COVID-19 pandemic. As part of this funding package, the UPR was assigned \$128.5M for distribution between student (through grants) and institutional pandemic-related expenses. As of January 2022, the UPR has received \$85M, from which \$42.5M were disbursed to students and \$35.5M in institutional funds received through reimbursement.

A third relief package HEERF III was authorized by the ARP Act, on March 11, 2021, providing \$39.6B in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. From this package, the UPR was assigned ~\$237M split between students and institutional pandemic-related expenses.

EXHIBIT 23 - DISBURSEMENT STATUS OF PANDEMIC RELIEF FUNDS

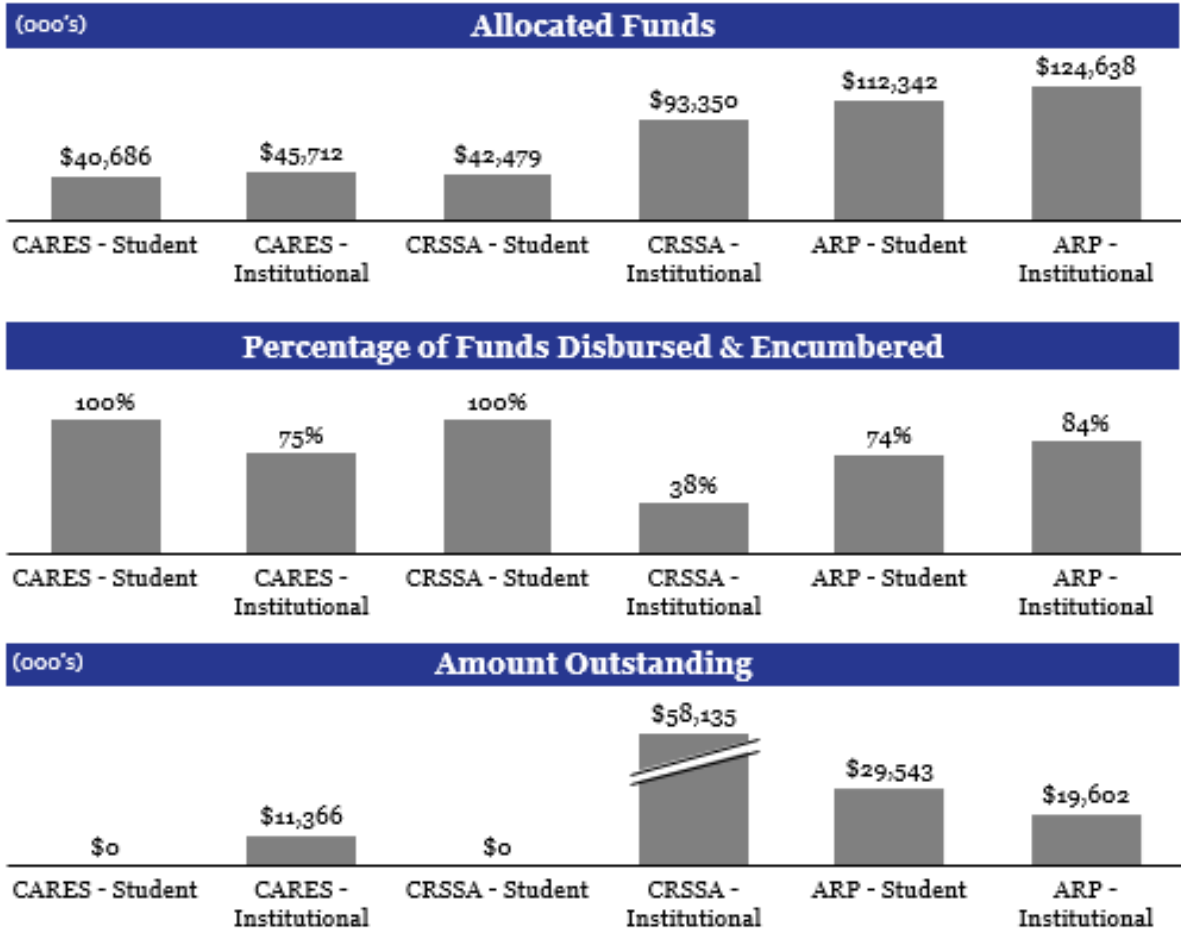


EXHIBIT 24 - DISBURSEMENT OF PANDEMIC RELIEF FUNDS BY CATEGORY

(ooo's)	CARES	CRSSA	ARP	Total
<b>Allocated to Students</b>	40,686	42,479	82,800	165,965
<b>Capital Expenditures</b>	0	0	0	0
<b>Equipment</b>	3,892	2,797	26	6,714
<b>Facilities &amp; Payment for Public Services</b>	826	152	0	978
<b>Materials &amp; Supplies</b>	16,531	4,977	116	21,624
<b>Payroll &amp; Related Costs</b>	3,596	4,918	20,315	28,829
<b>Scholarships &amp; Donations</b>	7,059	14,560	2,622	24,242
<b>Pensions Payments</b>	335	518	1,890	2,744
<b>Other Operating Payments</b>	2,107	7,292	80,067	89,466

## Chapter 6 Safeguards to ensure continued

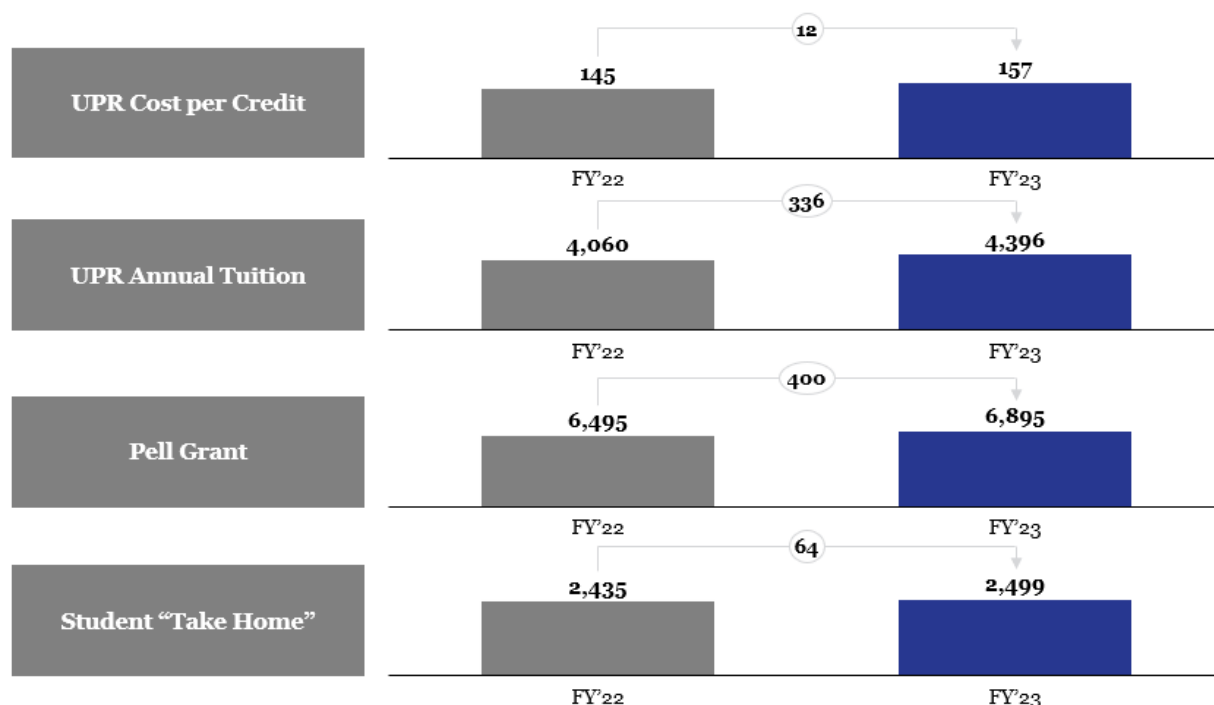
# affordability

One of the main missions of the 2022 UPR Fiscal Plan is to ensure the University continues to be an engine of social and economic mobility. As such, numerous measures in the 2022 UPR Fiscal Plan aim at maintaining affordability and access to UPR:

- **Keeping overall undergraduate tuition under the maximum Pell Grant award** (\$6,495 for FY2022), ensuring that most students who receive financial aid (~70% of undergraduates) 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 well below the average in-state tuition for U.S. public universities
- **Increasing UPR’s own annual scholarship expenditures for students with financial need.** Using revenue generated by exemption reductions, students that currently receive federal aid will see their scholarship award increase the allocation of these funds.

As part of the U.S. House passage of the \$1.5 trillion omnibus spending bill of March 9, 2022, representatives have approved a \$400 annual increase for federal Pell Grant program recipients, the largest in a decade. This additional increase would directly benefit UPR undergraduate students and would mitigate any potential increase in tuition.

EXHIBIT 25 – UPR UNDERGRADUATE TUITION AND PELL GRANT COMPARISON



## 6.1 Additional detail on UPR scholarship funds

To ensure UPR continues to fulfill its role as an important driver of socioeconomic mobility, the 2022 UPR Fiscal Plan and the Commonwealth Fiscal Plan outline measures related to scholarship programs designed to ensure all students, regardless of their income level, have access to UPR’s undergraduate and graduate programs.

### 6.1.1 UPR Internal Scholarship Fund

UPR expects the Internal Scholarship Fund to provide \$10.8M in financial aid during FY2022, as EXHIBIT 26 shows. The Fund will cover Undergraduate students who have any residual amount not covered by Pell Grants, and Graduate students by \$1,000 per year based on economic need.

EXHIBIT 26: UPR INTERNAL SCHOLARSHIP FUND POTENTIAL IMPACT



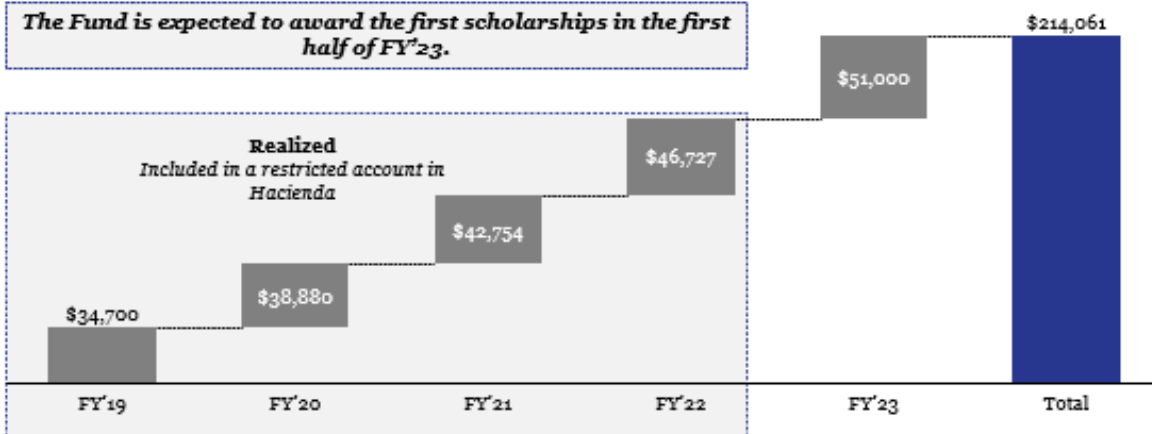
### 6.1.2 Commonwealth Scholarship Fund

The May 2018 Commonwealth Fiscal Plan established a scholarship fund, for which the Commonwealth would contribute \$35 to \$50M per year for external scholarships (see EXHIBIT 27) to be managed by an independent third party. During FY2022, however, the funds were instead transferred to the University’s own Scholarship Fund and the \$46.7M scheduled contribution added to the fund’s corpus. These funds will solely be used to provide need-based scholarships to UPR students starting in FY2023. The UPR will receive an accumulated \$214.1M from FY2019 to FY2023 from the Central Government Joint Resolutions. For FY2019 to FY2022 the funds have been restricted and accumulated to \$163.1M.

The University has amended the Trust Agreement of the UPR Endowment Fund, in order to include the required articles for the transfer of the Commonwealth Scholarship Fund to the Endowment Fund. Additionally, it is in the process of completing its internal regulations that would be approved by the Governing Board before the end of FY2022. Necessary amendments have been identified for Act 4-2022 regarding the timing for required reporting to the Legislature. The first disbursements of the Commonwealth Scholarship Fund are expected to be in place for Academic Year 2022-2023.

EXHIBIT 27: COMMONWEALTH SCHOLARSHIP FUND POTENTIAL IMPACT

(000s)



### 6.1.3 Other Scholarships

Other financial supports include:

- Legislative Fund: Total funds available of \$9.5M allocated directly from Puerto Rico's legislature.
- Law 44 (2018): Covers undergraduate and graduate students with an available of \$1.4M from the Lottery funds.

# Chapter 7 Implementation resources and costs

The measures included in the 2022 UPR Fiscal Plan require a PMO with dedicated staff and the authority and capabilities to ensure successful execution across the university system. UPR set up a PMO under the University Governing Board in FY2019, the Office of Institutional Transformation (“OIT”). The University continues to integrate its work with the efforts of UPR’s central administration and empower it to compel the implementation of the 2022 UPR Fiscal Plan. The OIT is driven by full compliance with the objectives of the 2022 UPR Fiscal Plan. EXHIBIT 28 provides a detailed projection of the 2022 UPR Fiscal Plan implementation costs.

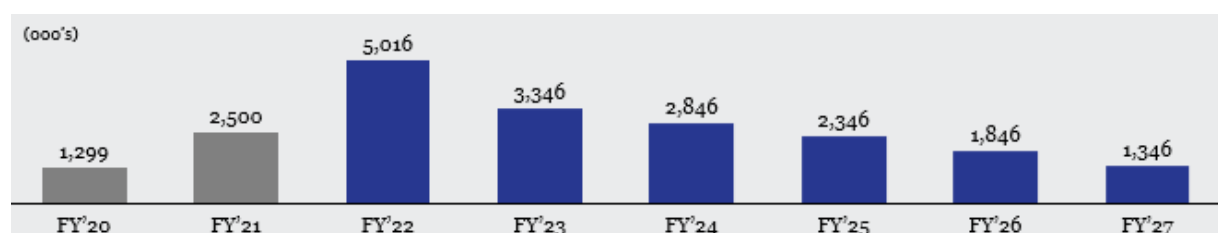
Some measures may require contracting external advisors to provide technical and other assistance, particularly when it comes to improving fiscal governance and reporting. UPR estimates the total cost of implementation will be roughly \$3.3M for FY2023, including professional services associated with the 2022 UPR Fiscal Plan measures.

For FY2023, the University is expected to recruit full-time dedicated personnel that will manage and oversee all fiscal plan compliance and transformational reforms. Key responsibilities of the Office include:

- *Fiscal Plan Development.* Lead the development of the Fiscal Plan as instructed by the FOMB. Technical and financial analysis will be support by the Office of the CFO of Central Administration.
- *Initiative Oversight.* Recurring oversight of all Certified Fiscal Plan measures both OIT-led or Central Administration-led initiatives.
- *Finance, Budget, and Controls.* Provide reporting, Budget-to-Actuals, Liquidity Reports, HR Reporting to the FOMB on a monthly basis. Set controls for compliance with Certified Fiscal Plans.
- *Transformations.* Oversight of all Administrative and Academic Transformations. Lead Shared Services, Medical Science Campus, and Real Estate initiatives.
- *New Revenues.* Oversight of all new revenue initiatives, including additional federal fund grants and contracts, philanthropy, and the development of the new Development Office.
- *Debt-Related.* Oversight of debt-related initiatives of the Institution, both the Pension Reform implementation and support AAFAF on the Municipal Bond renegotiations.

From FY2024 through FY2027, the OIT will operate with a lower annual budget, averaging a 20% decrease during that 4-year period. As fiscal sustainability and FOMB milestones are met, OIT will adapt its expenses accordingly.

EXHIBIT 28: PROJECTED FISCAL PLAN IMPLEMENTATION COSTS

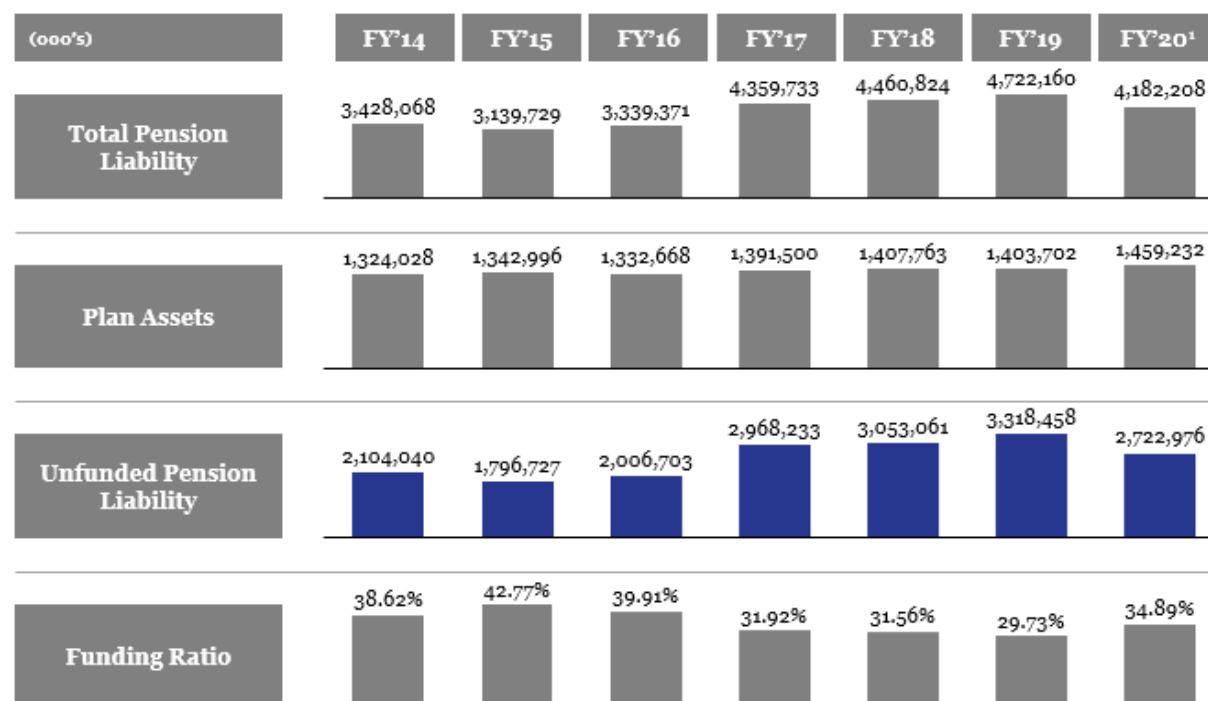


# Chapter 8 Pension Reform

## 8.1 Reforms to UPR Retirement System

PROMESA Section 201(b)(1)(F) requires the 2022 UPR Fiscal Plan to improve fiscal governance, accountability, and internal controls. PROMESA Section 201(b)(1)(C) also requires the 2022 UPR Fiscal Plan to provide for adequate funding of public pension systems. As part of proper governance and accountability, the 2020 UPR Fiscal Plan required UPR to adequately fund pensions. This requires UPR to recognize its funding constraints and implement pension reform, and alignment of the employer contributions to the current defined benefit plan, as required by the actuarial reports using a 30-year amortization.

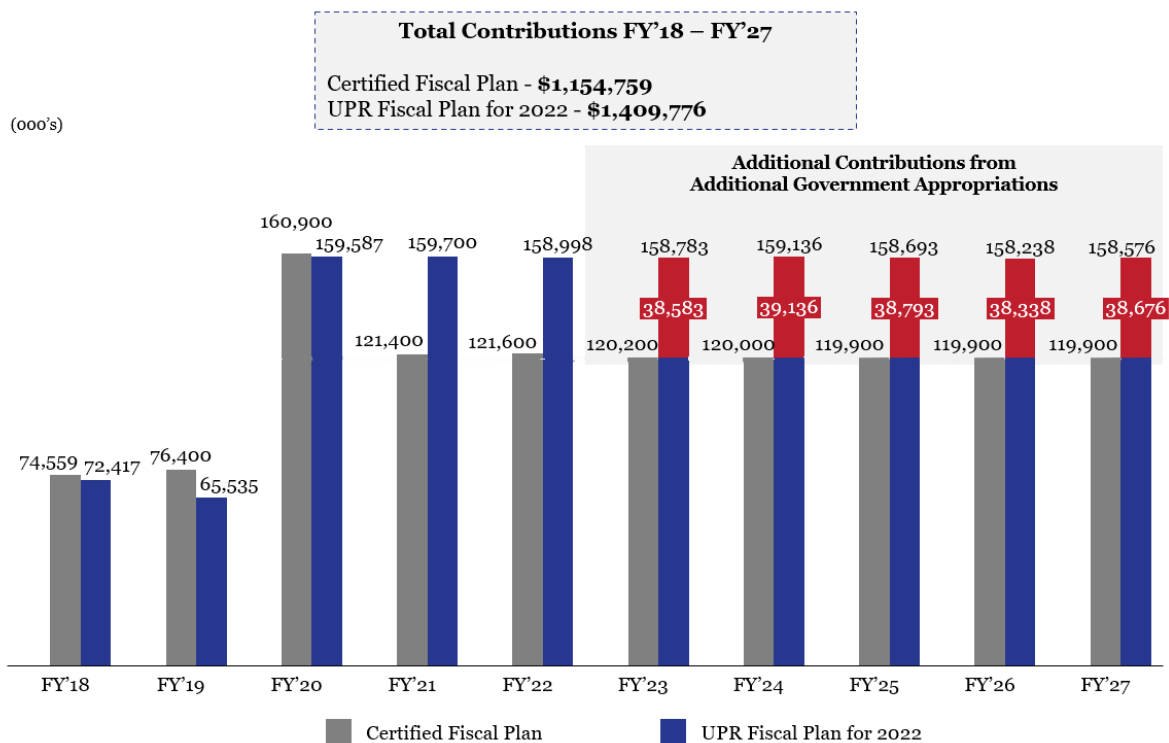
EXHIBIT 29: HISTORICAL PENSION PLAN LIABILITY



<sup>1</sup>: Data obtained for Actuarial Report as of June 30, 2020 from Cavanaugh Macdonald Actuarial Report GASE 67 & GASE 68 reports as of June 30, 2021

Since 2017, the different UPR Fiscal Plans certified by the Oversight Board have consistently reiterated the necessity of implementing Pension Reform and provided the UPRRS the actuarially required contribution (see EXHIBIT 30). The latest studies suggest that UPR has a total pension liability worth ~\$4B. The fiduciary net position as a percentage of the total pension liability is at 34.89% according to 2020 audited financial statements. The sole intent of this Fiscal Plan is to ensure adequate funding and minimize liability risk to both UPR and its pension plan.

**EXHIBIT 30: ACTUAL VS. REQUIRED HISTORICAL UPR CONTRIBUTIONS TO PENSION PLAN**



According to the UPRRS commissioned actuarial report<sup>43</sup>, annual pension expenditure must be revised to account for the following changes in actuarial assumptions:

- Updated census information to reflect shifting UPR demographics (retirees and current employees)
- 30-year amortization based on Actuarial Best Practices
- Moved to level dollar funding since total payroll has been declining

UPR can achieve financial sustainability by instituting a pension reform that minimizes liability risk and reduces the annual university contribution in the long-term. Leaving the pension system unchanged will require identifying additional savings or revenues to offset the required increase in annual contributions through other means (likely additional tuition increases, reductions in faculty, or campus closures). It is not realistically possible for the University to do so currently.

UPR has already taken a significant step forward by certifying a plan for some pension reform, which includes a 30-year closed amortization and a level dollar funding contribution. In its plan, UPR closes the plan to new and non-vested members and moves them to a Defined Contribution (DC) Plan. UPR pension plan would be closed to new members effective as of October 31, 2022, for all non-vested participants and new employees. Vested participants will continue to accrue benefits. UPR's prospective approach to reform UPRRS would eliminate the long term the pension liability by 2044. In addition, UPR's plan reduces future pension liability risk due to the closing of the pension plan.

- **Non-vested & new participants:** 12% of total population would participate in the new DC Plan starting January 1, 2022. Employees will contribute 8.5% of their annual salary and UPR would contribute 4.25% annual matching.
- **Vested employees and retirees:** 88% of total population. Vested employees would see no impact and would continue to accrue benefits in UPRRS following current plan. Retirees would have no reduction.



**This first step approved by UPR mitigates some of the increasing liability risk and is a step in the right direction.** According to the latest actuarial data used for audited financial statement purposes, the proposed UPR measures result in a decrease of total pension liability of \$540M or 11%. In addition, the combined effect of the proposed measures and the increase in annual employer contributions of the UPR has resulted in an improvement of fiduciary net position as a percentage of the total pension liability of 5% (from 29.73% to 34.89%).

# Chapter 9 Fiscal management & controls

The fiscal reforms described in the 2022 UPR Fiscal Plan represent a significant and transformative effort across the eleven UPR campuses and its component units. As such, strict reporting requirements ensure savings and revenue targets are achieved on time and identify any major risks to reform to course correct at an early stage.

The various reporting requirements detailed below are based on best practices of comparable systems and are designed to enable both the UPR project management organization and the Oversight Board to monitor progress and react to roadblocks proactively as well as to enable the University to meet its reporting responsibilities. UPR will continue meeting PROMESA’s requirements and providing the required information for the Oversight Board to help the UPR achieve financial sustainability.

Below are the 2022 UPR Fiscal Plan reporting requirements from the FOMB. Reporting cadence to the Oversight Board: (i) Monthly: 15th day after the end of the month; if not a business day, then the previous business day and, quarterly: (ii) 15th day after the end of the quarter.

## EXHIBIT 31: UPR REPORTING REQUIREMENTS

UPR Reporting requirements			
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, by program, 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) (Identify # of students, and by program)</li> <li>UPR Scholarship Fund disbursement by # students (undergrad/grad), by program.</li> </ul>	<ul style="list-style-type: none"> <li>Within one month of start of each new academic period (i.e., semester)</li> <li>Semiannual</li> </ul>
	Implementation plan and monthly status	<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>	<ul style="list-style-type: none"> <li>Implementation Plan: One time post – certification</li> <li>Report Status: Quarterly</li> </ul>
	Donations Receipts	<ul style="list-style-type: none"> <li>Implementation status of increasing donations initiatives and balance updates tied by campus.</li> </ul>	<ul style="list-style-type: none"> <li>Semiannual</li> </ul>
	Capital Expenditures	<ul style="list-style-type: none"> <li>List of active projects across all program types (i.e., Federal, Appropriations, Other) and progress completed during the month (e.g., Student Facilities, % of work certified)</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
	Administrative Transformation	<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> <li>Action Plan on resolving audit findings (FS FY2020)</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
	Balance Sheet Income statement	<ul style="list-style-type: none"> <li>Include only consolidated balance sheet &amp; Income Statement</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
	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> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>
	Pension Status	<ul style="list-style-type: none"> <li>Detailed report of Pension Contribution Expense and payment information</li> <li>Actual transformation based on a project plan with a monthly update</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</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>	<ul style="list-style-type: none"> <li>Monthly</li> </ul>
	Monthly budget to actuals	<ul style="list-style-type: none"> <li>Tracking of budgeted to actual and cash flow by each campus and consolidated</li> <li>Explanation for material variances (&gt;5% or \$5 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> </ul>
	Minimum Cash Analysis	<ul style="list-style-type: none"> <li>Monthly Minimum cash balance kept on hand as a cash reserve to offset any unplanned cash outflows.</li> </ul>	<ul style="list-style-type: none"> <li>Monthly</li> </ul>
PROMESA	Quarterly budget to actuals	<ul style="list-style-type: none"> <li>Quarterly consolidated budget to actuals as required by section 203 of PROMESA</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> </ul>

# Chapter 10 Debt Sustainability Analysis

In the face of declining Commonwealth appropriations and the need for UPR's own sources of revenues to support more of its operations, this structure is inherently unsustainable from the University's perspective. The FY2022-27 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. These figures take into account the reduced level of Commonwealth appropriation payments to UPR contained in both the Commonwealth and the UPR fiscal plans.

EXHIBIT 32 represents the contractual debt payment for the following years, composed of two long-term debt obligations: the University's revenue bonds and the Desarrollos Universitarios, Inc's AFICA bonds (the AFICA bonds). These debt obligations amount to \$511.2M and \$78.3M, respectively. Both bonds are currently rated "C" by Moody's Investors Service (Moody's) and "CC" by Standard & Poor's Ratings Services (S&P).

## EXHIBIT 32: UPR DEBT SERVICE

University's bonds payable required payments of principal and interest, \$000s

Year	Revenue Bonds			AFICA Bonds			Aggregate		
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
2021	25,480	17,072	42,552	2,880	2,749	5,629	28,500	19,750	48,250
2022	26,760	15,798	42,558	3,020	2,602	5,622	29,940	18,330	48,270
2023	28,095	14,460	42,555	3,15	2,447	5,662	31,430	16,830	48,260
2024	29,505	13,055	42,560	3,330	2,284	5,614	33,010	15,250	48,260
2025	30,975	11,580	42,555	3,500	2,113	5,613	34,660	13,610	48,270
2026 to 2030	113,757	39,348	152,924	20,300	7,690	27,990	34,660	13,610	48,270
2031 to 2036 <sup>2</sup>	87,040	16,851	103,891	20,215	2,082	22,297	237,510	63,950	301,460
<b>Total</b>	<b>365,750</b>	<b>145,440</b>	<b>511,190</b>	<b>56,420</b>	<b>21,967</b>	<b>78,387</b>	<b>422,200</b>	<b>168,830</b>	<b>591,030</b>

<sup>1</sup>2026-2036 for Revenue Bonds and 2026-2033 for AFICA Bonds

<sup>2</sup>AFICA Bonds final payment is during 2034 and Revenue Bonds final payment is 2036

In addition to the pension obligations, and the long-term debt obligations, the University has two other liabilities worth highlighting: the Other Post-Employment Benefits ("OPEB") liability, and the University's accrual for compensated absences. Both liabilities together add up to a total of ~\$358M; the total OPEB liability is ~\$226.M, while the accrual for compensated absences related to accrual of vacation and sick leave by employees to be liquidated upon employee retirement or termination totaled ~\$132.0M. On June 29, 2017, the Trustee and the University, at the direction of FAFAA, entered into a letter agreement (the "Letter Agreement") providing the University will transfer certain amounts in respect of pledged revenue, as defined in the Trust Agreement, to the Trustee, on condition—among others—that through August 31, 2017 (the "Compliance Period") the Trustee will not institute, commence, or continue certain legal proceedings against the University, the Government or any other agency, instrumentality, or municipality thereof except in certain limited enumerated circumstances.

The Letter Agreement has been extended fifteen times and the new Compliance Period is July 1, 2022. Pursuant to the Letter Agreement and the fifteen standstill extension agreements, during the Compliance Period, holders of the majority in amount of the Revenue Bonds and the Trustee at the direction of the University's bondholders will negotiate in good faith towards a restructuring of the Revenue Bonds. In addition, the trustee agreed not to institute or commence certain legal proceedings and the University agreed to transfer the monthly payments of Pledged Revenues to the trustee to be applied in accordance with the Trust Agreement during the new Compliance Period.

Discussions with respect to a consensual restructuring of the Revenue Bonds have occurred; UPR intends to continue and conclude these negotiations as soon as is reasonably partible. With the implementation of the Pension Reform, the University and FAFAA would be in a better position to discuss potential re-negotiations with UPR's bondholders. Presently, the University has complied with and has made all transfers due under the Letter Agreement, as extended. For FY2022, the University will make transfers to the Trustee totaling \$42M. In addition, the Trustee of the University's Revenue Bonds, on behalf of the University, has paid, as agreed, the scheduled principal and interest payments on its outstanding Series P and Q Bonds.

# CONCLUSION

UPR has faced and successfully met many of the recent challenges brought on by the pandemic. COVID-19 has forced the institution to solve a set of unprecedented issues, requiring its leaders to rethink its operating model in ways it has never had to consider before. UPR's administration must continue to lead and guide the University's community through the reopening. The opportunities created by the Federal COVID-related programs will assist UPR not only with the reopening, but also with the improvements and technology needed to continue hybrid education. Bold leadership, accountability, and transparency are a must if UPR wishes to remain the preeminent engine of economic development on the Island that it has been since its early origins. The Fiscal Plan provides a path to ensure UPR is prepared and able to weather the storm, ensuring that the University -- and the Island as a whole -- emerges stronger than ever, a solid beacon of continuous pride for Puerto Rico given its role as both the primary vehicle for social mobility on the Island, as well as a hub for cultural and research advancement.

UPR has worked for five years to mitigate and prepare by diversifying its revenues and rationalizing its expenses. It has succeeded in engaging alumni to support the University, to build new external partnerships, begin an administrative transformation and more. Going forward, UPR will continue to apply operational model improvements that have proven successful in other universities to not just reduce expenditures but, more importantly, deliver better outcomes for students, faculty, staff, and the broader Puerto Rico community.

The 2022 UPR Fiscal Plan does not suggest that taking this path will be easy. It is complex, requiring focus and attention to goals and targets, but if implemented well, will yield valuable results for students, faculty and administration. The singular opportunity to apply the COVID-related Federal funds to the new needs of the University and the FEMA funds to rebuild and transform the university creates a window for success.

UPR must remain the preeminent engine of economic development on the Island and transform itself into a 21st century education institution. Puerto Ricans deserve no less.

# Annex 1: Institutional Background

The University of Puerto Rico, founded in 1903, is a state supported university system created by Act 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 Puerto Rico and contribute to the development and enjoyment of the fundamental, ethical, and esthetic values of Puerto Rican culture, committed to the ideals of a democratic society. To advance its mission, the University strives to provide high quality education and create new knowledge in the Arts, Sciences, and Technology. The University is a public corporation of the Government of Puerto Rico (the “Central Government”).

## ***The University of Puerto Rico System***

The University is the oldest and largest institution of higher education on the Island with a history of academic excellence and comprises 11 campuses located throughout the Island. For FY’21, the University has approximately 4,500 professors and researchers, 46,000 students (as of February 2021), and thousands of alumni that honor the Island with their intellectual and professional contributions at the local and international level. The University of Puerto Rico currently offers 32 associate degrees, 231 bachelor’s degrees, 118 master’s degrees, 15 graduate certificates, 7 professional level degrees, 35 doctoral degrees and many continuing education courses and programs. During the past decade, the University has focused on developing the graduate level; conferring over 700 PhD’s in the last five years, 50% of which are in Science and Technology.

The organizational structure includes a Governing Board, a University Board, a President, an Executive Vice President of Academic and Research Affairs, a Vice President of Student Affairs, a Vice President of Professional Programs and Distance Learning, a Vice President of Philanthropy, and a Vice President of External Resources. Each campus has a Chancellor, a Dean of Academic Affairs, a Dean of Students, a Dean of Administration, a Dean or Director for each college or school, and Río Piedras and Medical Sciences, a Dean of Research. All units have institutional accreditation by the MSCHE and the required program accreditations allowing students to continue graduate studies in the United States or in other countries. The University has an ample research agenda and professional exchange programs with over 120 institutions of higher education at the international level.

## ***The University of Puerto Rico Campuses***

The University system includes all its campuses: Río Piedras, Mayagüez, Medical Sciences, Aguadilla, Arecibo, Bayamón, Carolina, Cayey, Humacao, Ponce, and Utuado, as well as its Central Administration.

## UPR Campus Profile

Campus	Students	Faculty <sup>1</sup>	Non-Faculty
UPR Río Piedras	12,564	868	1,374
UPR Mayagüez	11,543	642	1,607
Medical Science	2,151	1,060	1,252
UPR Aguadilla	2,058	104	233
UPR Arecibo	2,991	177	271
UPR Bayamón	3,092	127	242
UPR Carolina	2,198	143	217
UPR Cayey	2,398	120	295
UPR Humacao	2,714	141	325
UPR Ponce	2,106	152	235
UPR Utuado	416	40	127
<b>Total</b>	<b>44,230</b>	<b>3,574</b>	<b>6,178</b>

*Roster as of 01/31/22*

<sup>1</sup>: Faculty includes – Administrative, and Research and Investigation Faculty

The **Río Piedras Campus** (the “UPR-RP”) was established in 1903. It is a comprehensive doctoral institution and the oldest and most complex unit in the UPR system. Its academic offerings include 65 undergraduate programs. The graduate offering includes 41 master’s degrees, 15 PhDs, three Ed.D., and international programs in Law, at both Master of Laws (“LLM”) and Juris Doctor (“JD”) levels. The UPR-RP serves 12,564 students; comprises a faculty of 868 members and employs 1,374 non-faculty workers.

The **Mayagüez Campus** (the “UPRM”) was established in 1911 as a land-grant institution committed to teach agriculture, military tactics, and mechanic arts, as well as classical studies. The UPRM offers 104 academic programs: 54 bachelor’s degrees, 42 master’s degrees and 8 PhDs. It serves 11,543 students; comprises a faculty of 642 professors and employs 1,607 non-faculty workers. All six of its engineering bachelor’s degree programs are accredited by the Accreditation Board for Engineering and Technology (“ABET”). In addition, the UPRM offers a Teacher Preparation Program, accredited by The National Council for Accreditation of Teacher Education (“NCATE”), now known as the Council for the Accreditation of Educator Preparation (“CAEP”). Students of this program consistently score among the highest grades in the teacher certification exams.

The **Medical Sciences Campus** (the “UPR-MS”) was established in 1924 as the School of Tropical Medicine affiliated with Columbia University. It comprises the Schools of Medicine, Dental Medicine, Public Health, Pharmacy, Nursing, and Health Professions, and has 61 academic offerings, including 8 associate and bachelor’s degrees, 5 professional doctoral degrees, 30 masters, 5 postgraduate certificates, and 11 doctoral programs. It serves 2,151 students. Besides teaching and service, the UPR-MS is also engaged in numerous research projects, many of which are funded by the National Institutes of Health (“NIH”) and its subdivisions fueled in part by seed money from infrastructure building programs such as the Minority Biomedical Research Support (“MBRS”) and the Research Centers in Minority Institutions (“RCMI”).

The **Aguadilla Campus** (the “UPRAG”) was founded in 1972 and offers 15 bachelor’s degrees,

2 associate degrees, and 26 articulated transfer programs to other UPR campuses. UPRAg has embraced the Strategic Initiative that all programs and services subject to professional accreditation, should pursue accreditation. Campus programs have received certification from CAEP, the Association of Collegiate Business Schools and Programs (ACBSP), the Accreditation Board for Engineering and Technology (ABET), and the International Association of Counselling Services (IACS) to name a few. These professional evaluations and accreditations are substantial in helping us to improve continuously, enhance our assessment culture, strengthen program evaluation, and solidify our compliance with MSCHE standards. For the first semester 2020-21, UPRAg served 2,058 students, 104 faculty members and 233 non-faculty employees.

The **Arecibo Campus** (the “UPRA”) was established in 1967 and it offers 17 programs conducive to a degree, 14 bachelor’s degrees, three associate degrees, a post-baccalaureate degree and seven articulated transfer programs. The academic programs stand out for being innovative, competitive, and relevant. Courses are offered in several traditional and non-traditional modalities such as: experiential learning, learning communities, and distance education. Academic excellence is evidenced by thirteen programs accredited by specialized accreditations. Through its Division of Continuing Education and Professional Studies (DCEPS), it also offers professional development opportunities to the internal and external communities. Student enrollment at UPR-Arecibo is 2,991 students with 177 faculty members and 271 non-faculty employees.

The **Bayamón Campus** (the “UPRB”) was established in August 1971 as a community college and was part of the Regional Colleges Administration. In 1998, the UPRB became an autonomous campus within the UPR System. It is focused on the fulfillment of the growing academic needs of the region. The institution offers academic programs in technology, business, science, and education. Also, the UPRB offers coordinated articulated academic transfer programs in several academic disciplines, including the liberal arts, through agreements with other UPR campuses. The corresponding professional accreditation agencies accredit all UPRB’s academic programs susceptible to accreditation. Enrollment at the UPRB is 3,092 students with 127 faculty members and 242 non-faculty employees.

The **Carolina Campus** (the “UPRCA”) was founded in 1974. It serves 2,198 students It offers 13 undergraduate majors, 5 associate degrees, as well as 19 transfer programs. It offers three Professional Accredited programs in Office Systems, Business Administration, and Hotel and Restaurant Administration. The UPRCA is the only campus within the UPR System that operates under a quarter term calendar system. Typically, students obtain their bachelor or associate degrees in a shorter period. The student body is served by a faculty of 143 professors and 217 non-faculty employees.

The **Cayey Campus** (the “UPR-Cayey”) was established in 1967 and offers 24 bachelor’s degrees in five academic areas: Teacher Preparation (11), the Natural Sciences (4), Social Sciences (4), Humanities (4), and Business Administration (4). It serves 2,398 undergraduate students with 120 faculty members and 295 non-faculty employees. UPR-Cayey is the third institution in Puerto Rico with the highest number of applicants to medical schools, ranked between third and fourth institution in Puerto Rico with the highest number of students that completes a PhD in Science, Technology, Engineering, and Mathematics (STEM) programs during the last decades. Moreover, UPR-Cayey follows UPR-Rio Piedras and UPR Medical Campus as the third UPR institutions with the highest amount of NIH funds, providing our students a competitive advantage when filing their graduate school applications.



The **Humacao Campus** (the “UPRH”), founded in 1962, is a public undergraduate institution classified as a Bachelor/Diverse: Baccalaureate Colleges-Diverse Fields by the Carnegie Foundation for the Advancement of Teaching. UPRH is the only UPR campus with a presence in the eastern region of PR. In 2018, UPRH provided service to 17% of the island’s population that extends beyond our target area, including the islands of Vieques and Culebra. Forty-eight percent of our students are below the poverty line that results in UPRH being a vital component in the economic and social development of the eastern region. The UPRH serves 2,714 students with 141 faculty members and 325 non-faculty employees.

The **Ponce Campus** (the “UPRP”) Established as Ponce Regional College in 1969 and first accredited by Middle States in 1970, UPR-Ponce was originally authorized to offer associate degrees and transfer programs but added several baccalaureate degree programs beginning in the 1980s. Five of UPR-Ponce’s academic programs are unique in Puerto Rico: Athletic Therapy Sciences, Psychology and Mental Health, Forensic Psychology, Biomedicine, and Civil Engineering Technology in Architectural Delineation. Total current enrollment is 2,106. The student body is served by 152 faculty and 235 non- faculty staff members.

The **Utua Campus** was created in 1978 and it offers two-year agricultural programs. It offers 4 bachelor’s degrees and 6 associate degrees. UPR-Utuado holds specialized accreditation by the NCATE, the ACBSP, and includes a Learning Resource Center certified by the Association of College Research Libraries (ACRL) since 2008. Aligned with our institutional mission, UPR-Utuado has academic programs dedicated to the economic and cultural needs of the region. It serves 416 students, with 40 faculty members and 127 non-faculty members.

### ***University Component Units***

The University of Puerto Rico has several component units which are separate legal entities from the University. For each entity, the University appoints a majority of these organization’s board members, can impose its will on those entities, or there is a financial benefit/burden situation with these entities. Among the active Component Units are the following:

**Desarrollos Universitarios, Inc. (“DUI”)** is a legally separate entity from the University and a nonstock corporation governed by a separate board. DUI was organized on January 22, 1997, under the laws of the Commonwealth of Puerto Rico as a not-for-profit organization. DUI was organized to develop, construct, and operate the academic, residential, administrative, office, commercial, and maintenance known as Plaza Universitaria. This mixed-use complex consists of a student housing facility, a multi-story parking building and an institution building to house administrative, student service and support functions, and, to a lesser extent, to lease commercial space. DUI is fiscally dependent on the University and its debt is expected to be repaid entirely or almost entirely from University resources.

**Servicios Médicos Universitarios, Inc. (the “Hospital” or “SMU”)** is a legally separate entity from the University and a nonstock corporation that is governed by a separate board. The Hospital is a not-for-profit acute care corporation, organized under the Laws of the Commonwealth of Puerto Rico, on February 11, 1998, to operate and administer healthcare units. The principal objectives of the Hospital are to constitute it as the principal medical education institution of the University and to offer healthcare services to the residents of Puerto Rico. The University appoints a voting majority to the Hospital board and is also financially accountable for the Hospital.

**University of Puerto Rico Parking System, Inc. (“UPRPS”)** is a legally separate entity from the University and a nonstock corporation that is governed by a separate board. UPRPS was organized on May 5, 2000, under the laws of the Commonwealth of Puerto Rico, as a not-for-profit organization. UPRPS was organized to operate the parking facilities of the University system. UPRPS currently operates Plaza Universitaria, as well as the parking facilities of the Medical Sciences and Río Piedras campuses. The University appoints a voting majority of UPRPS board and is also financially accountable for UPRPS.

**Materials Characterization Center, Inc. (“MCC”)** is a legally separate entity from the University and a nonstock corporation that is governed by a separate board. MCC was organized on April 15, 1999, under the laws of the Commonwealth of Puerto Rico, as a not-for-profit organization. MCC was organized to provide a much-needed accessible and reliable center to characterize materials chemically and physically from the pharmaceutical as well as other manufacturing endeavors. MCC is administrated in conjunction with the College of Natural Sciences of the Río Piedras Campus of the University. The University appoints a voting majority of MCC board and is also financially accountable for MCC.

Starting in FY’20, the **Molecular Sciences Research Center, Inc. (“MSRC”)** functions as a separate component unit of the University. Previously, this component unit operated as a part of the University. MSRC is a not-for-profit corporation, organized under the Laws of the Commonwealth of Puerto Rico, on March 23, 2011, to operate and administer the University’s Molecular Science Building (“MSB”). MSB is an advanced research facility of the University with laboratories conducting basic and translational biomedical research in the areas of protein structure and dynamics, molecular biology, genomics, proteomics, bio-imaging, pharmacogenetics, and neurosciences. The MSRC is the University System’s first multidisciplinary environment, designed to meet the needs of cutting-edge research in Puerto Rico.

# APPENDIX 2



JUNTA DE GOBIERNO  
UNIVERSIDAD DE PUERTO RICO

CERTIFICACIÓN NÚMERO 162  
2021-2022

Yo, Margarita Villamil Torres, secretaria de la Junta de Gobierno de la Universidad de Puerto Rico, CERTIFICO QUE:

La Junta de Gobierno, en su reunión ordinaria celebrada el 30 de junio de 2022, habiendo considerando la recomendación de la presidenta interina de la Universidad de Puerto Rico y del Comité de Asuntos Financieros de la Junta, acordó:

Aprobar el Presupuesto Consolidado de la Universidad de Puerto Rico (UPR) para el Año Fiscal 2022-2023, ascendente, a la cantidad de \$1,202,086,000 de conformidad con el Plan Fiscal aprobado por la Junta de Gobierno de la UPR.

Se dispone además que, quedará sin efecto cualquier otra certificación, norma o circular que pueda existir o estar en vigor en la Universidad de Puerto Rico, que esté en contravención con lo aquí dispuesto.

Y PARA QUE ASÍ CONSTE, expido la presente Certificación, en San Juan, Puerto Rico, hoy 30 de junio de 2022.



Margarita Villamil Torres  
Secretaria

**GOVERNMENT BOARD  
UNIVERSITY OF PUERTO RICO  
PO BOX 23326 SAN JUAN, PUERTO RICO 00931-3326**

**CERTIFICATION NUMBER 162  
2021-2022**

I, Margarita Villamil Torres, Secretary of the Governing Board of the University of Puerto Rico,

CERTIFY THAT:

The Governing Board, at its regular meeting held on June 30, 2022, having considered the recommendation of the Acting President of the University of Puerto Rico and the Board's Financial Affairs Committee agreed upon:

Approval of the Consolidated Budget of the University of Puerto Rico (UPR) for Fiscal Year 2022-2023, ascending, to the amount of \$1,202,086,000 pursuant to the Fiscal Plan approved by the Governing Board of the UPR.

It is further liable that any other certification, norm or statement that may exist at the University of Puerto Rico which is in contravention of what is provided herein, shall be null and voided.

AND FOR THE RECORD, this Certification is issued, in San Juan, Puerto Rico, today, June 30, 2022.

Margarita Villamil Torres  
Secretary



### III. PREMISAS PARA LA PREPARACIÓN DEL PRESUPUESTO CONSOLIDADO DE LA UNIVERSIDAD DE PUERTO RICO PARA EL AÑO FISCAL 2022-2023

Desde el año 2016-2017 al 2022-2023 la UPR ha tenido recortes ascendentes a \$352,123 (42.22%) millones en la asignación del Gobierno de Puerto Rico conforme a los dineros correspondientes a la Ley 2 de 1966. Esos recortes han sido en virtud de la Ley PROMESA e instrumentados según lo establecido en los Planes Fiscales por la JSF. Esta situación ha afectado significativamente los fondos disponibles para el funcionamiento de la UPR consignados a través del presupuesto, principalmente en su Fondo General. A tales efectos es necesario elaborar el presupuesto consolidado del año 2022-2023 con una estricta disciplina presupuestaria considerando ingresos reales y realizables, y gastos donde se considere la maximización de la eficiencia y efectividad en el uso de los fondos disponibles. Considerando lo anterior, establecemos las siguientes premisas para la preparación del presupuesto.

- A. Establecer de los estimados de ingresos propios del Fondo General y los Fondos Restringidos
  1. Revisar los estimados de ingresos, por concepto de cargos de matrícula subgraduada y graduada conforme al Plan Fiscal, para un total de aproximadamente 42,782 estudiantes. También el recobro de costos indirectos, ingresos misceláneos, cuotas de tecnología, mantenimiento y laboratorio.
  2. Establecer los estimados de ingresos de las cuentas rotatorias y plan de práctica. Para ello se considerarán los ingresos netos proyectados al 30 de junio de 2022 y los planes de trabajo para generar los ingresos del año 2022-2023.
  
- B. Continuar, en coordinación con los recintos y las unidades, el proceso de la evaluación interna de las operaciones administrativas, académicas y de servicios con el propósito de mejorar la eficiencia en el uso de los fondos públicos.
  
- C. Para el año fiscal 2022-2023, la UPR continuará estableciendo las medidas para ingresos y gastos establecidos por la JG y JSF. Además, continuaremos con la normativa de ahorros establecidas en los pasados años, mediante certificaciones, cartas circulares y seriados. Las mismas han mantenido un control de gastos sobre varias partidas, proveyendo así que los recursos se destinen hacia las prioridades y el servicio directo a los estudiantes.
  
- D. Medidas para aumentar ingresos:
  1. Aumento de matrícula de estudiantes
  2. Reducción en exenciones otorgadas
  3. Continuación de Programa de Capacitación del Gobierno Central
    - Oficina de Administración y Transformación de los Recursos Humanos del Gobierno de Puerto Rico
    - Departamento Educación



4. Optimización de Recursos Humanos:
  - Reducción en nómina y beneficios marginales
  - Centralización de compras
  - Reforma del Sistema de Retiro
- E. Compras
  1. Comenzar el desarrollo de una nueva estrategia de compras centralizada
  2. Identificar contratos y categorías claves para incrementar ahorros
- F. Digitalización
  1. Se creó el Comité de Transformación Tecnológica
  2. Se estableció la Política de Firmas Digitales
  3. Proceso de digitalización de documentos
  4. Establecimiento de Política de Cero Papel
- G. *Enterprise Resource Planning* (ERP)
  1. Se actualizará los sistemas de información de la UPR
  2. Se atenderá la integración de los servicios estudiantiles con responsabilidades administrativas
- H. Cultura Administrativa
  1. Transformación de una nueva cultura administrativa enfocada en la responsabilidad universitaria y retención de empleados
  2. Creación de métricas para el avalúo de desempeño
  3. Creación de un programa de aprendizaje sostenido para empleados de la UPR
- I. Nuevo Modelo Presupuestario híbrido
  1. Base Cero
  2. Cumplimiento del Plan Fiscal basado en incentivos dirigidos a aumentar el reclutamiento de estudiantes, retención y tasa de graduación
- J. Integración Oferta Académica
  1. Optimizar el uso de presupuesto al configurar la oferta académica en cada recinto y entre recintos. Esto mediante la maximización de la equivalencia de tiempo total y capacidad de las secciones académicas
  2. Control y avalúo de las descargas académicas concedidas

#### IV. DISTRIBUCIÓN DEL PRESUPUESTO 2022-2023

Para configurar el proyecto de presupuesto para el año 2022-2023 la OCP ha llevado a cabo varias reuniones con cada uno de los Directores de Presupuesto de los recintos que componen el sistema universitario, el Comité de Presupuesto de la Junta Universitaria y la Oficina de Transformación Institucional (OTI) adscrita a la JG. En el caso de los recintos se le proveyeron las premisas y disposiciones para la preparación y administración del presupuesto del 2022-2023. Uno de los cambios fundamentales que ha impulsado la OCP es que se ha insistido en mejorar la disciplina de control presupuestario de todos los fondos restringidos. Este mes de junio de 2022, hemos continuado el proceso para presentar la Propuesta de Presupuesto del año 2022-2023 a la JG y la JSF para la evaluación y aprobación final.

Para configurar el proyecto de presupuesto para el año fiscal 2022-2023 se consideraron todas las siguientes fuentes de ingreso descritas en este informe y se siguieron los siguientes pasos:

1. Se asignaron a las unidades todos los ingresos propios generados por la unidad. En el caso de las unidades que ofrecen estudios graduados, se les concede de manera íntegra todos los ingresos de matrícula de estudios graduados. En el caso de la matrícula subgraduada, se rebajan los ingresos necesarios para el pago de deuda pública utilizando como guía el gasto correspondiente a la proporción de los costos adjudicado a los activos que han sido construidos con financiamiento de emisiones de bonos.
2. Se determinó el gasto de nómina y gastos ineludibles para la operación de los recintos según establecido por el Plan Fiscal aprobado por la JG y certificado por la JSF.
3. Se atienden las brechas de los fondos necesarios para la operación de los recintos utilizando los ingresos de asignaciones irrestrictas del Gobierno de Puerto Rico y los ingresos de Juegos de Azar. De estos últimos se reservan los primeros \$25 millones para el pago de deuda pública.

Para este año fiscal consideramos utilizar unos criterios, dándole peso a los mismos para la distribución del presupuesto. Estos serán: cantidad de estudiantes, ingresos de matrícula, cantidad de empleados, recintos con estudios graduados, cantidad de pies cuadrado de edificios y cabida de del recinto. Sin embargo, al aplicar los resultados había recintos que la cantidad a asignar no cubría sus gastos operacionales ineludibles. Ante esa realidad, decidimos comenzar a implantar medidas que permitan una mayor sinergia en el uso del Presupuesto, institucionalmente hablando.

A tales efectos se han introducido unas normativas para configurar la oferta académica con miras a lograr eficiencias que produzcan mejor utilización de los recursos con los que cuenta la UPR para llevar a cabo su misión. Además, se busca lograr mejorar la eficiencia implantado medidas para compartir la prestación de servicios administrativos.



## V. DISPOSICIONES PARA LA PREPARACIÓN Y ADMINISTRACIÓN DEL PRESUPUESTO OPERACIONAL PARA EL AÑO FISCAL 2022-2023

Conforme a la Ley PROMESA, la UPR deberá asegurarse de cumplir con las disposiciones establecidas en las secciones de presupuesto certificado por la JSF. Mediante la Certificación Núm. 143 de 12 mayo de 2022, la JG de la UPR sometió el Presupuesto Consolidado sobre gastos de funcionamiento de la UPR del año 2022-2023 para aprobación de la JSF. En o antes del 30 de junio de 2022, la JSF certificará el Presupuesto consolidado de la UPR.

Por otro lado, la Ley 1 de 20 de enero de 1966, según enmendada, delega en los Rectores de la UPR, conjuntamente con las Juntas Administrativas, la administración de los presupuestos de cada recinto o unidad institucional. Conforme a dicha Ley, los presupuestos de los recintos y unidades institucionales deben ser sometidos a la OCP de la UPR. Esta Oficina deberá asegurarse que la consolidación de todos los ingresos y gastos del presupuesto del sistema universitario UPR estén cónsonos con el sometido para aprobación a la JSF.

Para poder armonizar estos procesos, la OCP emitió la Circular OCP 22-02 con el propósito de establecer las directrices para la preparación y administración del presupuesto consolidado para gastos de funcionamiento de la UPR para el año 2022-2023. Específicamente, esta Circular dispuso que:

1. Todos los recintos y las unidades del sistema universitario de la UPR, llevarán a cabo un proceso de evaluación interna de las operaciones administrativas, académicas y de servicios, a base de los retos fiscales esperados, que será la base para el proceso presupuestario de los próximos años fiscales.
2. Se mantienen las disposiciones de las certificaciones y cartas circulares relacionadas con las medidas de control emitidas en los años anteriores. Específicamente se prohíbe el pago de exceso de licencia ordinaria y por enfermedad.
3. Los recintos y las unidades no podrán contraer obligaciones que excedan las asignaciones autorizadas para este año fiscal vigente ni comprometer, en forma alguna, a la UPR en contratos o negociaciones que conlleven pagos futuros, a excepción de asuntos expresamente autorizados por la JG.
4. Una vez se apruebe el presupuesto, cualquier redistribución presupuestaria interna de los recintos o unidades necesitará aprobación de la OCP. Las líneas de asignación según certificadas por la JG de la UPR y la JSF son:
  - a. Nómina y costos relacionados
    - Salarios Facultad
    - Salarios no Facultad
    - Bono de Navidad
    - Tiempo extra
    - Incentivos

- Plan médico
  - Seguro social y *medicare*
  - Fondo del seguro del Estado
- b. Materiales, Suministros y Piezas
  - c. Servicios comprados
  - d. Becas y donaciones
  - e. Facilidades, pagos y servicios públicos y otros
  - f. Servicios profesionales
  - g. Gastos de transportación
  - h. Otros gastos operacionales
  - i. Aportaciones al sistema de retiro
5. En el caso específico de la UPR en Utuado, se está consignando en su presupuesto del Fondo General, el costo del traslado de empleados a la UPR en Arecibo como parte del proyecto de Servicios Compartidos. Se dispone que se establecerán los controles internos que provee el Sistema de Contabilidad para garantizar que estos fondos estén disponibles para la ejecución de esta fase del proyecto. Será responsabilidad de la OCP velar que se cumpla con esta disposición.
  6. Se prohíbe el uso de cualquier sobrante del Fondo General de años anteriores.
  7. Cualquier sobrante proyectado en el Fondo General, si alguno, en las líneas presupuestarias de: Aportación Patronal al Sistema de Retiro, al Plan de Contribución Definida a la Aportación Adicional para Cubrir el Déficit Actuarial del Sistema de Retiro y de Empleados y la Aportación Patronal al Plan Médico no podrán considerarse para subsanar deficiencias en otras partidas sin la previa autorización de la JG de la UPR y de la JSF.
  8. Las partidas presupuestarias correspondientes a las cuotas de mantenimiento, laboratorios y tecnología serán de uso **restringido conforme a las políticas dispuestas por la JG y la Oficina de la Presidencia de la UPR**, por lo que las unidades institucionales **no** podrán redistribuir ningún balance libre de las asignaciones dispuestas para otros propósitos para las cuales han sido destinadas. Las unidades podrán considerar, en la base de gasto de las cuotas, lo siguiente:
    - a. Cuota de mantenimiento - salarios de trabajadores diestros del área de mantenimiento de edificios.
    - b. Cuota de tecnología - salarios de personal de tecnología y sistemas de información, mantenimiento de servidores y otros gastos relacionados tecnología al servicio de estudiante.
    - c. Cuota de laboratorio – salarios de técnicos de laboratorio y mantenimiento de equipo para los laboratorios.



9. Los rectores serán responsables de establecer medidas para promover el ahorro en el consumo de energía, mejorar la eficiencia energética en los edificios, mejorar el rendimiento en las instalaciones de refrigeración e iluminación y maximizar la asignación destinada para el pago de energía eléctrica.
10. Las necesidades de capital humano deben estar enmarcadas en el plan de reclutamiento y presupuesto de cada recinto y unidad como un gasto recurrente. Cuando sea necesario ocupar un puesto vacante, como primera alternativa, el recinto o la unidad utilizará el mecanismo de traslado, destaque de empleados regulares, reclasificación o nombramiento conjunto. El reclutamiento de personal docente de alta prioridad institucional, según se desprende del Plan de Reclutamiento de Docentes (estudio de necesidad) de la unidad y recinto, siguiendo las premisas establecidas por la Vicepresidencia en Asuntos Académicos e Investigación enmarcadas en:
  - a. Proveer un servicio directo y esencial al estudiante;
  - b. Requerimiento indispensable e imprescindible para asegurar el cumplimiento de las agencias acreditadoras;
  - c. Atender necesidad de profesores en programas de alta demanda curricular.
11. En general, como medida de responsabilidad fiscal y administrativa, todas las acciones de personal y el reclutamiento de personal adicional se realizará en armonía con la situación fiscal de los distintos fondos externos disponibles en cada recinto y unidad. La UPR no cuenta con fondos reservados para atender sobregiros en cuentas de fondos externos que surjan por decisiones internas en los recintos y unidades. A tales efectos, los rectores tendrán la responsabilidad de prohibir cualquier gasto de nómina en exceso a los ingresos generados y cobrados por los fondos restringidos.
12. Es responsabilidad del rector de cada recinto y unidad mantener los controles y mecanismos necesarios para asegurar la sana administración y la mejor utilización de los recursos conforme a las leyes, reglamentos y normas aplicables. Además, asumirá total responsabilidad por las transacciones delegadas y que se cumpla con todo lo establecido en estas disposiciones, así como mantener el uso del presupuesto autorizado sin exceder las asignaciones aprobadas.
13. A los fines de optimizar los recursos disponibles, las recintos y unidades maximizarán el cupo por sección en los cursos de salón de clases cumpliendo con los Seriadados R-2122-63; R-2122-64; R 2122-65 y R-2122-66 (Apéndices 1, 2, 3 y 4) emitidos por la Oficina de la Presidencia de la UPR. Esto, sin menoscabo del compromiso de la institución de ofrecer los cursos, según correspondan, en la secuencia curricular reconocida de los programas, ni de los requerimientos aplicables de salud, seguridad y debidos permisos de funcionamiento.

14. Los rectores promoverán e incentivarán la productividad y la eficiencia administrativa, como también la optimización de la oferta académica a través del avalúo y la planificación académica basada en datos y estableciendo alianzas y acuerdos entre recintos y unidades en aquellas iniciativas que permitan reducir gastos.
15. Las unidades institucionales someterán un informe en un formato que será provisto por la OCP para ofrecer información de los cursos ofrecidos por personal docente por contrato. Los informes tienen el propósito de evaluar si las unidades institucionales están en cumplimiento con los Seriadados emitidos por la Oficina de la Presidencia de la UPR.
16. Se promoverá la búsqueda y obtención de nuevos ingresos basados en las siguientes áreas de oportunidad:
  - a. Estudiantes de nuevo ingreso, transferidos y graduados
  - b. Filantropía
  - c. Fondos Federales
  - d. Contratos y acuerdos
  - e. Propuestas de subvención
  - f. Educación a Distancia

Es necesario fomentar y facilitar las estructuras para lograr las metas de nuevos recaudos y la transformación institucional en búsqueda de una mayor autonomía fiscal.

17. Todos los recintos y unidades del sistema dedicarán esfuerzos en el área de reclutamiento de estudiantes para los programas académicos que representan nueva oportunidad para generar ingresos adicionales.
18. Los recintos y las unidades someterán a la OCP un Informe de Proyecciones Presupuestarias por origen de recursos que demuestre los gastos y obligaciones a las fechas solicitadas y las proyecciones al 30 de junio de 2023. Las mismas se someterán en las siguientes fechas:
  - a. 31 de septiembre de 2022
  - b. 31 de diciembre de 2022
  - c. 30 de abril de 2023
  - d. 31 de mayo de 2023



Las proyecciones se harán para todos los fondos (excepto Fondos Federales), esto es Fondo General, Fondo Rotatorio, Plan de Práctica, Donativos. Las unidades institucionales dispondrán de 20 días calendario para elaborar y someter las proyecciones según las fechas establecidas. Es mandatorio para todas las unidades el fiel cumplimiento con las fechas de entrega establecidas para las Proyecciones de Gastos. La OCP podrá solicitar cualquier información adicional, y en cualquier momento, que estime necesaria para realizar el análisis correspondiente.

19. La liquidación o cierre de las asignaciones presupuestarias del Fondo General se realizarán no más tarde del 31 de julio de 2023.
20. A partir del año fiscal 2017-2018, el Gobierno de Puerto Rico ha asignado varias partidas presupuestarias para capacitar a los servidores públicos de la Rama Ejecutiva, brindar asistencia técnica a las agencias gubernamentales y ofrecer múltiples servicios al Departamento de Educación de Puerto Rico. Como consecuencia, anualmente la UPR administra un fondo de \$20 millones restringido para implementar los fines aprobados en las asignaciones presupuestarias.

Inicialmente a los recintos se les asignará, a través de la Vicepresidencia de Programas Profesionales y Educación a Distancia, una cantidad para cubrir los costos directos de los servicios a ofrecerse. Una vez el recinto ofrezca los servicios y provea la documentación requerida, se le distribuirán los ingresos generados para cubrir los costos directos, costos indirectos y beneficios económicos por el servicio prestado. El dinero correspondiente a los costos indirectos y las ganancias, serán fondos institucionales para uso en las operaciones regulares de las unidades.

21. La JSF condicionó \$40 millones de fondos irrestrictos a la implementación del plan piloto de servicios compartidos y a la implantación del nuevo Plan de Beneficios Definidos para el personal con 10 años o menos de servicio. Estos fondos estarán consignados en la Oficina de Gerencia y Presupuesto del Gobierno Central y serán liberados una vez se demuestre la implementación de las medidas. La UPR ofreció los siguientes criterios para la liberación de los fondos:
  - a. Plan piloto de Servicios Compartidos
    - \$10 millones— Al completar las transacciones de personal para empleados existentes que requiere el plan.
    - \$10 millones- Al publicar las convocatorias de las plazas requeridas para el fortalecimiento de las unidades impactadas.
  - b. Implantación del nuevo Plan de Beneficios Definidos
    - \$10 millones- Al tener firmados los contratos del administrador y fiduciario del nuevo plan (Banco Popular de Puerto Rico y *Alight*).
    - \$10 millones - En el momento en que el plan vaya en vivo (1 de noviembre de 2022).

La aportación al Sistema de Retiro será de \$155.5 millones. De este total, se espera que \$67,155 millones deberán ser aportados en adición al 20% que se consigna como aprobación patronal en la nómina de los empleados. De esta aportación adicional se establecerá una contingencia de \$20 millones que serán transferidos al sistema de retiro una vez se liberen los fondos relacionados a la reforma del plan de pensiones consignados en la OGP.

En los siguientes anejos presentamos la distribución del presupuesto del 2022-2023 por recinto y unidad presupuestaria del Fondo General, Fondos Restringidos y el Consolidado.



### III. PREMISES FOR THE PREPARATION OF THE CONSOLIDATED BUDGET OF THE UNIVERSITY OF PUERTO RICO FOR THE FISCAL YEAR 2022-2023

From 2016-2017 to 2022-2023, the UPR has had cuts ascending to \$352,123 (42.22%) million in the allocation of the Government of Puerto Rico according to the money corresponding to Law 2 of 1966. These cuts have been under the PROMESA Act and implemented as established in the Fiscal Plans by the Fiscal Governing Board (Spanish acronym JSF). This situation has significantly affected the funds available for the operation of the UPR allocated through the budget, mainly in its General Fund. To this end, it is necessary to prepare the consolidated budget for the year 2022-2023 with a strict budgetary discipline considering factual and achievable income, and expenses where the maximization of efficiency and effectiveness in the use of available funds is considered. Considering the above, we established the following premises for the preparation of the budget.

- A. Establish estimates of revenues of the General Fund and Restricted Funds
  1. Review income estimates for undergraduate and graduate tuition fees under the Fiscal Plan for a total of approximately 42,782 students. Also, the recovery of indirect costs, miscellaneous income, technology fees, maintenance and laboratory fees.
  2. Establish income estimates from the rotating accounts and practice plan proposals. For this purpose, the projected net income as of June 30, 2022 and the work plans to generate the income of the year 2022-2023 will be considered.
- B. Continue, in coordination with campuses and units, the process of internal evaluation of administrative, academic and service operations with the purpose of improving efficiency in the use of public funds.
- C. For the fiscal year 2022-2023, the UPR will continue to establish the measures for revenues and expenses established by the Governing Board (GB) and the Financial Oversight Board (Spanish acronym-JSF). In addition, we will continue with the savings regulations established in recent years, through certifications, circular letters and official memorandums. They have maintained a control of expenses over various items, thus providing that resources are allocated towards priorities and direct service to students.
- D. Measures to increase revenue:
  1. Increase in student enrollment
  2. Reduction in exemptions granted
  3. Continuation of Central Government Training Program
    - Office of Human Resources Management and Transformation of the Government of Puerto Rico
    - Department of Education



4. Human Resources Optimization :
  - Reduction in payroll and fringe benefits
  - Purchasing centralization
  - Reform of the Retirement System

E. Acquisitions/Purchases

1. Begin the development of a new centralized purchasing strategy
2. Identify key contracts and categories to increase savings

F. Digitalization

1. Creation of the Technological Transformation Committee
2. Digital Signatures Policy established
3. Document scanning process
4. Establishment of No Paper Policy

G. Enterprise Resource Planning (ERP)

1. UPR information systems will be updated
2. Integration of student services with administrative responsibilities

H. Administrative Culture

1. Transformation of a new administrative culture focused on university responsibility and employee retention
2. Creating metrics for performance appraisal
3. Creation of a sustained learning program for UPR employees

I. New Hybrid Budget Model

1. Zero Base
2. Compliance with the Fiscal Plan based on incentives aimed at increasing student recruitment, retention and graduation rate

J. Academic Offer Integration

1. Optimize the use of budget by configuring the academic offer in each campus and between campuses. This by maximizing the equivalence of total time and capacity of the academic sections
2. Control and assessment of the academic downloads granted



#### IV. DISTRIBUTION OF THE 2022-2023 BUDGET

To assemble the draft budget for the year 2022-2023, the Central Budget Office (acronym in Spanish-OCP) has held several meetings with each of the Budget Directors of the campuses that belong to the university system, the Budget Committee of the University Board and the Office of Institutional Transformation (OTI) attached to the Governing Board (JG). In the case of the enclosures, the premises and provisions for the preparation and administration of the 2022-2023 budget were provided. One of the fundamental changes that the OCP has promoted is that it has insisted on improving the discipline of budgetary control of all restricted funds. This June 2022, we have continued the process to present the Budget Proposal for the year 2022-2023 to the JG and the JSF for final evaluation and approval.

To prepare the draft budget for the fiscal year 2022-2023, all of the following revenue sources described in this report were considered and the following steps were followed:

1. All own revenues generated by each campus were allocated to the campuses. In the case of campuses that offer graduate studies, they are granted in full all the income of tuition of graduate studies. In the case of undergraduate tuition, the income necessary for the payment of public debt is reduced using as a guide the expenditure corresponding to the proportion of the costs allocated to the assets that have been built with financing from bond issues.
2. The payroll expense and unavoidable expenses for the operation of the enclosures were determined as established by the Fiscal Plan approved by the JG and certified by the JSF.
3. The gaps in the funds necessary for the operation of the venues are addressed using the income from unrestricted allocations of the Government of Puerto Rico and the income from the PR Slot Machines Revenues. Of the latter, the first \$25 million is reserved for the payment of the public debt.

For this fiscal year, we consider using some criteria, giving weight to the distribution of the budget. These will be: number of students, tuition income, number of employees, campuses with graduate studies, number of square feet of buildings and space of the campus. However, in applying the results, there were enclosures that the amount to be allocated did not cover their unavoidable operational expenses. Faced with this reality, we decided to start implementing measures that allow greater synergy in the use of the budget, institutionally speaking.

To this end, regulations have been introduced to configure the academic offer with a view to achieving efficiencies that lead to better use of the resources available to the UPR to carry out its mission. In addition, it seeks to improve efficiency by implementing measures to share administrative services.



## V. ARRANGEMENTS FOR THE PREPARATION AND ADMINISTRATION OF THE OPERATIONAL BUDGET FOR THE FISCAL YEAR 2022-2023

Under the PROMESA Act, the UPR must ensure compliance with the provisions set forth in the JSF-certified budget sections. Through Certification No. 143 of May 12, 2022, the UPR Government Board (JG) submitted the Consolidated Budget on UPR operating expenses for the year 2022-2023 for approval by the Financial Oversight and Management Board (FOMB). On or before June 30, 2022, the FOMB will certify the UPR's Consolidated Budget.

On the other hand, Law 1 of January 20, 1966, as amended, concedes to the UPR Chancellors, together with the Administrative Boards, the administration of the budgets of each campus. According to this Law, the budgets of the campuses must be submitted to the UPR Central Administration Budget Office (Spanish acronym-OCP). This Office must ensure that the consolidation of all income and expenditure of the budget of the UPR university system is consistent with that submitted for approval to the FOMB.

In order to harmonize these processes, the OCP issued Circular OCP 22-02 with the purpose of establishing guidelines for the preparation and administration of the consolidated budget for UPR operating expenses for the year 2022-2023. Specifically, this Circular provided that:

1. All campuses and units of the UPR university system will carry out an internal evaluation process of administrative, academic and service operations, based on the expected fiscal challenges, which will be the basis for the budgetary process of the coming fiscal years.
2. The provisions of the certifications and circular letters related to the control measures issued in the previous years are maintained. Specifically, the payment of excess of ordinary license and sick leave is prohibited.
3. The campuses and units may not enter into obligations that exceed the authorized allocations for this current fiscal year or commit, in any way, to the UPR in contracts or negotiations that involve future payments, except for matters expressly authorized by the JG.
4. Once the budget is approved, any internal budgetary redistribution of the campuses or units will need approval from the OCP. The allocation lines as certified by the Governing Board of the UPR and the FOMB are:
  - a. Payroll and related costs
    - Faculty Salaries
    - Non-Faculty Salaries
    - Christmas Bonus
    - Extra time
    - Incentives



- Medical Plan
  - Social Security and *Medicare*
  - State Insurance Fund
- b. Materials, Supplies and Provisions
  - c. Purchased Services
  - d. Scholarships and donations
  - e. Facilities, payments and public services and others
  - f. Professional Services
  - g. Transportation costs
  - h. Other operational costs
  - i. Contributions to the retirement system

5. In the specific case of the UPR Utuado, as part of the Shared Services Project the cost of transferring employees to the UPR in Arecibo is being included in its General Fund budget. It is provided that the internal controls provided by the Accounting System will be established to ensure that these funds are available for the execution of this phase of the project. It shall be the responsibility of the OCP to ensure compliance with this provision.
6. The use of any surplus from the General Fund from previous years is prohibited.
7. Any surplus projected in the General Fund, if any, in the budget lines of: Employer Contribution to the Retirement System, the Defined Contribution Plan to the Additional Contribution to cover the Actuarial Deficit of the Retirement System and Employees and the employer contribution to the Medical Plan may not be considered to correct deficiencies in other items without the prior authorization of the UPR Governing Board and the FOMB.
8. The budget items corresponding to maintenance, laboratories and technology fees will be of **restricted use in accordance with the policies established by the Governing Board and the Office of the President of the UPR**, so that the institutional units will **not** be able to redistribute any free balance of the allocations arranged for other purposes for which they have been destined. The campuses may consider, in the basis of expenditure of the fees, the following:
  - a. Maintenance fee - salaries of skilled workers in the area of building maintenance.
  - b. Technology fee - salaries of technology and information systems personnel, server maintenance and other technology-related expenses linked to student services.
  - c. Laboratory fee – salaries of laboratory technicians and maintenance of equipment for laboratories.



9. The Chancellors will be responsible for establishing measures to promote savings in energy consumption, improve energy efficiency in buildings, improve performance in cooling and lighting facilities and maximize the allocation for the payment of electricity.
10. The needs of human capital must be framed in the recruitment plan and budget of each campus and unit as a recurring expense. Where it is necessary to fill a vacant, as a first alternative, the campuses or unit shall use the mechanism of transfer, placement of regular employees, reclassification or joint appointment. The recruitment of teaching staff of high institutional priority, as seen from the Teacher Recruitment Plan (Needs Assessment) of the unit and campus, following the premises established by the Vice Presidency in Academic Affairs and Research enclosed:
  - a. Provide a direct and essential service to the student;
  - b. Ensure compliance of accrediting agencies as an indispensable and essential requirement
  - c. Meet the need for professors in programs of high curricular demand.
11. In general, as a measure of fiscal and administrative responsibility, all personnel actions and the recruitment of additional personnel will be carried out in harmony with the fiscal situation of the different external funds available in each campus. The UPR does not have funds reserved to deal with overdrafts in external fund accounts that arise from internal decisions in the campuses. To this end, the Chancellors will have the responsibility to prohibit any payroll expenses in excess of the income generated and collected by the restricted funds.
12. It is the responsibility of the Chancellor of each campus and unit to maintain the necessary controls and mechanisms to ensure the sound administration and the best use of resources in accordance with applicable laws, regulations and standards. In addition, they will assume full responsibility for the delegated transactions and that everything established in these requirements is fulfilled, as well as maintaining the use of the authorized budget without exceeding the approved allocations.
13. In order to optimize the available resources, the campuses and units will maximize the quota per section in the classroom courses complying with serials R-2122-63; R-2122-64; R 2122-65 and R-2122-66 (Appendices 1, 2, 3 and 4) issued by the Office of the President of the UPR. This, without the presumption towards the commitment of the institution to offer the courses, as appropriate, in the recognized curricular sequence of the programs, nor to the applicable requirements of health, safety and operating permits.



14. The Chancellors will promote and encourage productivity and administrative efficiency, as well as the optimization of the academic offer through assessment and academic planning based on data and establishing alliances and agreements between campuses and units in those initiatives that allow reducing expenses.
15. The institutional units will submit a report in a format that will be provided by the OCP to provide information on the courses offered teaching staff by contracts. The purpose of the reports is to assess whether the institutional units are in compliance with the Serials issued by the Office of the President of the UPR.
16. The quest for new income based on the following areas of opportunity will be encouraged:
  - a. New students, transferees and graduates
  - b. Philanthropy
  - c. Federal Funds
  - d. Contracts and agreements
  - e. Grant proposals
  - f. Distance Education

It is necessary to promote and facilitate the structures to achieve the goals of new revenues and institutional transformation in order to achieve a greater fiscal autonomy.

17. All campuses and units of the system will devote efforts in the area of student recruitment for academic programs that represent a new opportunity to generate additional income.
18. The campuses and units will submit to the OCP a Report of Budget Projections demonstrating the expenses and obligations at the dates requested and the projections as of June 30, 2023. They will be submitted on the following dates:
  - a. September 31 , 2022
  - b. December 31 , 2022
  - c. April 30 , 2023
  - d. May 31, 2023



Projections will be made for all funds (except Federal Funds), this includes: General Fund, Revolving Fund, Practice Plan, Donations. The institutional units will have 20 calendar days to prepare and submit the projections according to the established dates. It is mandatory for all units to faithfully comply with the delivery dates established for the Projections of Expenses. The OCP may request any additional information at any time, that they consider necessary to carry out the corresponding analysis.

19. The closure of the general Fund budget allocations shall be made no later than 31 July 2023.
20. Beginning in the 2017-2018 fiscal year, the Government of Puerto Rico has allocated several budget items to train executive branch public workforces, provide technical assistance to government agencies, and offer multiple services to the Puerto Rico Department of Education. As a result, the UPR annually administers a restricted \$20 million fund to implement the approved purposes in the budget allocations.

Initially, the campuses will be assigned, through the Vice Presidency of Professional Programs and Distance Education, an amount to cover the direct costs of the services to be offered. Once the campus offers the services and provides the required documentation, the income generated will be distributed to cover the direct costs, indirect costs and economic benefits of the service provided. The money corresponding to indirect costs and profits will be institutional funds for use in the regular operations of the units.

21. The JSF conditioned \$40 million of unrestricted funds on the implementation of the shared services pilot plan and the implementation of the new Defined Benefit Plan for staff with 10 years or less of service. These funds will be set in the Office of Management and Budget of the Central Government and will be released once the implementation of the measures is demonstrated. The UPR offered the following criteria for the release of the funds:
  - a. Shared Services Pilot Plan
    - \$10 million—By completing the existing employee staffing transactions required by the plan.
    - \$10 million-By publishing the announcements for the positions required for the strengthening of the impacted units.
  - b. Implementation of the new Defined Benefit Plan
    - \$10 million-By having signed the contracts of the administrator and trustee of the new plan (Banco Popular de Puerto Rico and *Alight*).
    - \$10 million – By the time the plan is initiated (November 1, 2022).

The contribution to the Retirement System will be \$155.5 million. Of this total, it is expected that \$67,155 million must be contributed in addition to the 20% that is recorded as employer approval in the payroll of employees. Of this additional contribution, a contingency of \$20 million will be established that will be transferred to the retirement system once the funds related to the reform of the pension plan consigned in the PR Office of Management and Budget (OGP) are released.

In the following appendices we present the distribution of the 2022-2023 budget by enclosure and budgetary unit of the General Fund, Restricted Funds and the Consolidated.

The budget displayed refers specifically to University of Puerto Rico at Cayey.



**Universidad de Puerto Rico en Cayey**  
**(University of Puerto Rico at Cayey)**

**Año Fiscal 2022-2023 (FY)**

**Consolidated Budget Distribution**

Descripción (Description)	Año Fiscal 2023 (FY23)	
	General Fund	Restricted Funds
<i>Concepto de Gastos:</i> (Expense Categories)	<u>\$ 29,064,144</u>	<u>\$ 7,938,490</u>
<b>Nómina y Costos Relacionados</b> (Payroll and Related Costs):	<u>\$ 20,356,359</u>	<u>\$ 1,553,392</u>
<b>Nómina: Personal Docente y No Docente</b> (Payroll: Faculty and Non Faculty Personnel):	<u>\$ 16,402,842</u>	<u>\$ 916,659</u>
<b>Personal Docente (Faculty Personnel):</b>	9,349,906	613,008
<b>Personal No Docente (Non Faculty Personnel):</b>	7,052,936	303,651
<b>Otros Pagos y Beneficios</b> (Other Payments and Benefits):	<u>\$ 225,246</u>	<u>\$ 390,000</u>
Otros Pagos - Personal Docente y Personal No Docente (Other Payments Faculty and Non Faculty Personnel)		
Otros Pagos - Bono de Navidad (Other Payments: End of Year Bonus)	225,246	-
Horas Extras (Overtime)		50,000
Otros Pagos - Incentivos (Incentives)		-
Liquidaciones (Lump Sum Payments)		-
Otros Beneficios (Other Benefits)		-
Personal Irregular - Jornales (Wages)		-
Personal Irregular - Jornal Estudiante (Est y		340,000
<b>Aportaciones Patronales</b> (Employer Contributions):	<u>\$ 1,617,081</u>	<u>\$ 121,272</u>
Aportaciones Patronales - Seguro Social (Social Security - Employer Contributions)	1,098,382	79,919
Aportaciones Patronales - Medicare (Medicare - Employer Contribution)	253,417	18,689
Aportación Patronal - Estatal (DT/FSE) (State Insurance Fund-Employer Contribution)	244,131	22,664
Seguro por Desempleo-Estatal (State Unemployment-Employer Contribution)	21,151	-
<b>Plan Médico de Empleados</b> (Health Plan-Employer Contribution)	<u>\$ 2,111,190</u>	<u>\$ 125,461</u>



<b>Gastos Operacionales (Operational Costs):</b>	<b>\$ 3,967,748</b>	<b>\$ 6,116,561</b>
<b>Materiales, Suministros y Piezas (Materials and Supplies):</b>	<b>\$ -</b>	<b>\$ 477,920</b>
Materiales, Suministros y Piezas (Materials and Supplies)	-	447,920
Compra y Sustitución de Equipos (No capitalizable) (Non capitalized equipment)	-	30,000
<b>Servicios Comprados (Purchased Services):</b>	<b>\$ -</b>	<b>\$ 46,528</b>
Arrendamiento de Equipos y Terrenos (Leasing: Land and Equipment)	-	27,917
Seguros (Insurance)		-
Seguros - Propiedad, Responsabilidad Publica y Administrativa (Insurance - Property, Public and Administrative Liability)		
Servicios Prof. y Consultivos - Servicios Legales Externos (Professional Services: External Legal Services)		18,611
<b>Becas, Donaciones y Aportaciones: (Scholarships, Donations and Contributions):</b>	<b>-</b>	<b>4,689,537</b>
Fondo Becas y Fondo Dotal (UPR Scholarship Fund and Dotal Fund)		
Ayudantías-Subgraduados (Assistantships-Undergraduates)		10,000
Ayudantías-Graduados (Assistantships-Graduates)		2,948,347
Estipendios 8060 & 8070 Estipendios a Estudiantes & Ayudantías de Cátedra e Inv. (Stipends to Students & Teaching and Research Assistantships)		1,731,190
Asistencia Económica Estudiantes (Student Financial Aids)		
Pell Allowance		
Costo de Asistencia Economica - Subgraduado (Cost of Financil Aids- Undergraduate)		
Costo de Asistencia Economica - Graduado (Cost of Financial Aids - Graduate)		
Ayudas Económicas - Otras Ayudas (Ohter Financial Aids)		
Fondo Institucional Becas UPR - Plan Fiscal (Ayudas a Est.) (UPR Institutional Scholarships Fund-Fiscal Plan)		
<b>Facilidades, Pagos por Servicios Públicos y Otros (Facilites and Utilities Costs):</b>	<b>\$ 1,548,863</b>	<b>\$ 600</b>
Utilidades - Electricidad (Power)	1,331,182	-
Utilidades - Agua y Alcantarillado (Water and Sewerage)	133,000	-
Suministro de Gas (Gas Supply)	4,250	600
Combustible (Fuel)	35,000	-

Recogido de Basura (Garbage recollection)	-	-
Servicio de Telefonía, Internet y Comunicación (Telephone, Internet and Comjunication Service)	45,431	-
<b>Servicios Profesionales: (Professional Services)</b>	-	-
Servicios Profesionales- PMO (Professional Services PMO)		
<b>Gastos de Transportación (Travel Expenses):</b>	<b>\$ 54,412</b>	<b>\$ 30,000</b>
Gastos Viaje (Alojamiento, Transportación, Dietas y Proyección Institucional) (Travel Expenses: Accomodations, Transportation, Per Diem, and Institutional Projection)	54,412	30,000
<b>Otros gastos operacionales (Other Operational Costs):</b>	<b>\$ 2,364,473</b>	<b>\$ 871,976</b>
Suscripciones Revistas y Libro & Adquisiciones Bibliotecas (Library Subscriptions and acquisitions)	117,195	-
Mantenimiento Edificios y Reparaciones (Building Maintenance and Repairs)	-	10,400
Otros Servicios y Gastos Misceláneos (Other Miscellaneous Services and Expenses)	45,412	-
Servicio de Seguridad y Vigilancia (Security and Surveillance Services)	188,260	181,000
Contratos Servicios Profesionales y Consultivos / Servicios Personales No Profesionales (Professional and Non Professional Contracts)	-	195,628
Servicios Profesionales y Consultivos - Servicios de Auditoría & Asesores Financieros (Professional Services: Audit Services and Financial Advisors)		
Pagos de Sentencias e Indemnización Daños Físicos (Payments of Court rulings and Compensation for Physical Damages)		
Cargos Bancarios - Servicio Sistémico - UPR (Bank Charges - Systemic Service - UPR)		
Otros Servicios y Gastos Operacionales/Costo Empresas Univ. (Other Services and Operational Expenses/Cost University Enterprises.)		-
Acreditación de Programas (Program Accreditation)		-
Reembolso Oferta Académica No Tradicional (Reimbursement of non-traditional academic offer)	930,000	-
Reembolso Cuota de Mantenimiento (Maintenance Fee Reimbursement)	456,000	-
Reembolso Cuota de Laboratorio (Laboratory Fee Reimbursement)	269,800	-
Reembolso Cuota de Tecnología (Technology Fee Reimbursement)	228,000	-

Pareos de Fondos Proyectos de Investigación - Costos (Research Projects Matching Funds)	-	373,986
Reembolso de Costos Indirectos (Recovered Indirect Costs)	129,806	110,962
Aportaciones Universitarias (University Contributions)		
Gastos Misceláneos (Miscellaneous Expenses)	-	-
Gastos Operacionales - Plaza Universitaria (Operational Expenses - Plaza Universitaria)	-	-
Beneficios a Pensionados - Restricto (Benefits to retirees - Restricted):	-	-
<i>Aportación Patronal Plan Médico - Jubilados</i> (SASU)	-	-
<i>(Employer Contribution Medical Plan - Retirees)</i> <i>Aportación Institucional Sistema de Retiro Central-Pau Go-SEA (AT)</i>		
Activos Intangibles (Intangible Assets)		

<b>Otros Desembolsos (Other Payments):</b>	<b>\$ 4,740,037</b>	<b>\$ 268,537</b>
<b>Desembolsos Mejoras Permanentes (Capital Projects):</b>	<b>\$ -</b>	<b>\$ -</b>
Compra y Sustitución de Equipos (Capitalizable) (Acquisition and Replacement of Capital Equipment)	-	-
Costos de Mejoras Permanentes (Capital Improvements)		
Implementación Matrícula Graduada-Plan Fiscal (Implementation of Graduate Enrollment-Fiscal Plan)		
<b>Aportaciones al Sistema de Retiro - Empleados (Retirement Fund-Employer Contributions):</b>	<b>\$ 4,740,037</b>	<b>\$ 268,537</b>
Aportación al Sistema de Retiro UPR 20% (UPR Retirement System-Employer Contribution)	3,316,735	204,885
Aportación Institucional al Sistemas de Retiro (Additional Contribution to UPR Retirement Plan)	1,423,302	63,652
Plan de Beneficios Definidos (Defined Benefit Plan)		
CARES Act - Emergency Relief		
ARP Act		
Pérdida de Ingresos - Condonación Deuda of Income - Debt Forgiveness)	(Loss	
ARPA Federal Funds		

Pago Deuda Pública y Líneas de Crédito Debt and Lines of Credit Payments)	(Public	
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# APPENDIX 3

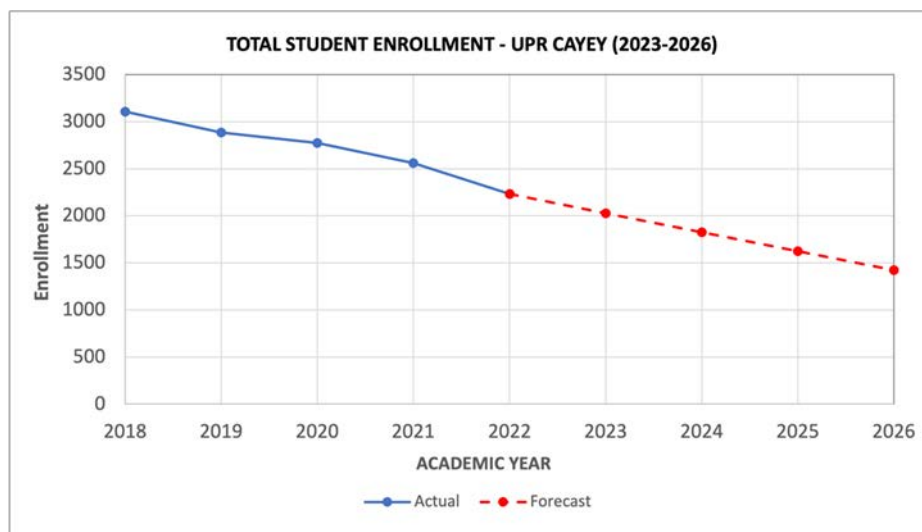
## DEMOGRAPHICS AND FACULTY WITHIN THE UNIVERSITY OF PUERTO RICO AT CAYEY RISK ASSESSMENT PLAN

The Risk Assessment Plan (RAP) takes into consideration the economic and demographic outlook of Puerto Rico, Faculty and non-teaching personnel attrition, and budget reductions to assess institutional effectiveness to comply with our mission and goals. The RAP is regularly reviewed in order to plan and make any necessary adjustments. In this monitoring report emphasis is given to changes in demographics and Faculty.

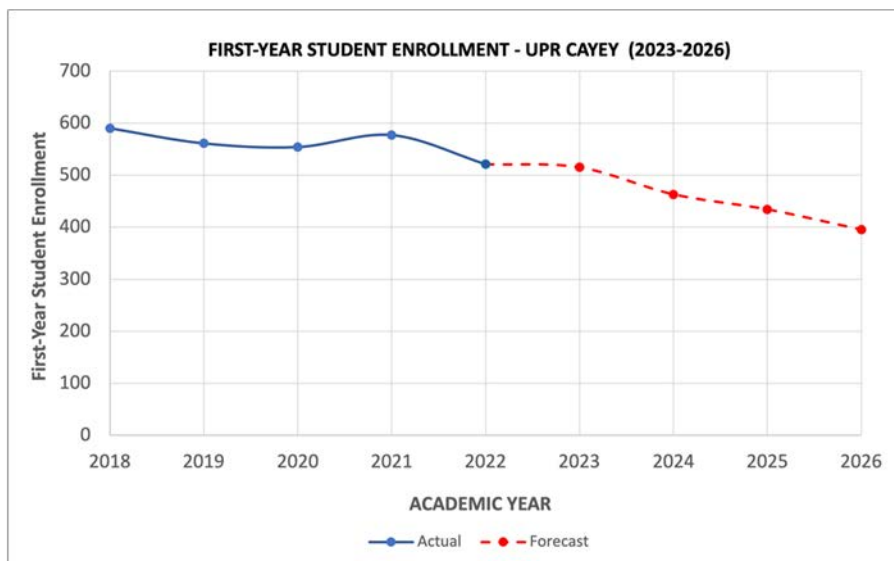
### STUDENT ENROLLMENT

#### Risk

During the last decade the population in Puerto Rico has declined by 13% (from 3.73 to 3.26 million). This reduction has a direct impact on the educational system, from preschool to college as fewer children are born due to a historic low birth rate for the same period. The student enrollment dropped from 3631 in 2010 to 2550 in 2021. A drop in the student population was followed by similar reductions in budget and staff.



The observed contraction (41.2% from 2021-2026) in the total student enrollment is related to the demographic and economic elements affecting the island. Of particular importance is the admission of first-year students (20.0% decrease from 2022-2026). Using the current distribution of students in grades K-12, in public and private schools, a forecast for the first-year student enrollment was generated:



If the current enrollment trend is maintained, the student population is expected to decrease for the next five years. Following new guidelines from the President of the UPR, the institution will adopt these mitigation measures (risk prevention) to maximize resources and fulfill its academic mission:

### Risk prevention

1. Academic offering – Courses are scheduled every semester as established in a 6-year rotation plan by each academic department. In the case of multi-session courses, each course must reach a 75% capacity threshold to remain open. As of August 2023, a Distance Education Degree in Biology will be offered. These courses will provide an opportunity to non-traditional students.
2. Faculty Mobility – As student population decreases, it is expected that some Faculty members will need to complete their academic program by teaching duties in a sister campus of the University of Puerto Rico system.
3. Student Mobility – New guidelines promote integration of course enrollment across the 11 campuses of the University of Puerto Rico. Students will be able to enroll in courses at another campus from their home institution, this will apply to on-campus and online courses. (R-2122-64)
4. Transfer Programs – Academic programs that low student recruitment will evolve into an articulated transfer with another campus of the University of Puerto Rico. In this scenario, admitted freshmen will complete two years of basic course work at the institution, and will transfer to a partner campus to complete a degree.

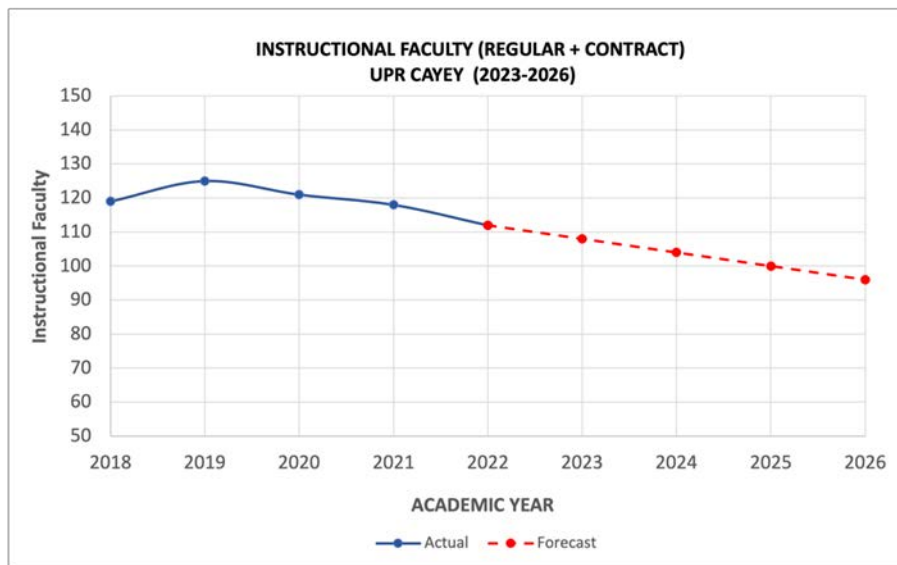
Higher education institutions have faced a decline in their student enrollments, thus, forcing an evaluation of their admission requirements, and their recruitment and retention efforts. In recent years, the admission index for many academic programs at the

institution have seen a reduction between 5 and 10%. The outcome has been, an increase our first-year enrollment, and a re-evaluation (strength and expand) of our student support programs to maintain retention and graduation rates.

## FACULTY

### Risk

The current instructional staff is 112, with 82 as regular Faculty (tenure and tenure track) and 30 in non-tenure positions. Attrition of Faculty due to retirement is expected to increase as a larger number of our teaching staff are reaching retirement age.



### Risk Prevention

New tenure-track positions (currently 3% of tenured Faculty) are expected to continue, although at a lower rate of attritions. This year three tenure track positions will be filled in the areas of Accounting, Biology, and Chemistry. Given the above Faculty trends, we estimate that for the next five years our pool of instructional staff will be able to provide the academic offerings that are required by our current institutional mission and goals.

In Spring 2022, new regulations and guidelines were introduced to guide in the development of the academic offer. The guidelines are aimed to achieve efficiencies pursuing a better use of the resources available to the UPR to carry out its mission (R-2122-63, R-2122-64, R-2122-65, R-2122-66). In addition, the UPR is currently implementing measures by which sharing administrative services between units is expected.

University of Puerto Rico at Cayey  
Risk Assessment Plan  
(2022-2026)

UPRC Strategic Plan (2005-2020)	Offices in charge of coordinating and leading the initiative		Risk Assessment		Risk Level (1 = low, 2 = medium, 3 = high)					Risk Prevention		
	Objective	Deanships	Offices	Risk Factor	Potential Impact of Risk	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	Control Activity	Conclusions
Student Recruitment	Academic Affairs	Academic Dean Student Dean Admissions Office	Decrease in enrollment due to Puerto Rico demographics	Increase number of first-degree seeking students with a low Admission Index	1	2	2	3	3	Administrative Board and Academic Senate discussions on Admission Index	Based on regional and demographic data, enrollment at UPRC is expected to decrease	Total Enrollment for 2022: 2230
			First degree seeking students with low Admission Index score	Reduction in retention and graduation rates	1	1	1	2	2			Increase number of first-degree student applications
Academic Planning	Academic Affairs	Academic Dean Registrar Assessment and Institutional Research (OAI)	Budget reduction that limits recruitment of new faculty	Elimination of vacant positions (attrition). Restructuring to conglomerates and faculty mobility across UPR system.	1	2	2	3	3	Administrative Board and Academic Senate certifications	The academic offering is assessed twice during the academic year.	Instructional faculty for 2022: 112
												Instructional faculty for 2023: 108
												Instructional faculty for 2024: 104
												Instructional faculty for 2025: 100
												Instructional faculty for 2026: 96



# APPENDIX 4

10 de mayo de 2022

R-2122-63

**SEÑORAS RECTORAS Y SEÑORES RECTORES**



Mayra Olavarría Cruz, Ph.D.  
Presidente Interina



**DIRECTRICES DE APLICACIÓN UNIFORME PARA LA MOVILIDAD DEL PERSONAL DOCENTE DEL SISTEMA UNIVERSITARIO UPR**

A tenor con la Ley Núm. 1 de 20 de enero de 1966, según enmendada, la Universidad de Puerto Rico constituirá un sistema orgánico de educación superior. El Artículo 4 dispone que la Oficina de la Presidencia dirige el sistema universitario con los deberes y facultades de hacer cumplir los objetivos, normas, reglamentos y planes presupuestarios y de desarrollo de la Universidad – Artículo 5(c)(1) – y formular el proyecto de presupuesto integrado para todo el sistema universitario (5)(c)(4).

En armonía con la política institucional sobre el uso eficiente de los recursos fiscales en estos momentos de estrechez financiera y la administración juiciosa de los recursos humanos en la Universidad de Puerto Rico, la Oficina de la Presidencia ha desarrollado un plan para maximizar los recursos docentes y garantizar la movilidad académica que atienda las necesidades de la institución.

El procedimiento viabiliza la movilidad docente promovida por el mismo docente u otra unidad basado en la necesidad institucional, garantizando los derechos del docente según la Sección 46.5 del *Reglamento General de la Universidad de Puerto Rico* que serán efectivos en todo el sistema universitario.

Se dispone que, en las situaciones en que una unidad institucional no cuente con la suficiente matrícula estudiantil para asegurar la carga académica del docente y los derechos reconocidos en el Reglamento, el mismo docente u otra unidad institucional podrá promover el movimiento parcial o total siguiendo las siguientes normas:

1. El docente con endoso de la autoridad máxima de la unidad receptora solicitará, según las normas de gobernanza de la UPR (i.e., director de departamento o director de escuela, decano de facultad, y rector de la unidad institucional), autorización a la autoridad máxima de la unidad base para completar su carga académica a tiempo parcial o completo en la unidad receptora. La petición tiene que establecer la tarea que realizará y el período de duración del destaque.

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2. Dicha solicitud tendrá que contestarse en un término máximo de 15 días laborales, si la autoridad máxima de la entidad base no contesta durante el término dispuesto se interpreta que autoriza la movilización. La negativa de permitir al profesor completar su carga académica en otra unidad solo podrá estar fundada en:
  - a. Existe necesidad en la unidad base porque el docente ha tenido carga académica completa con cursos de 15 estudiantes o más o el 75% del cupo máximo, durante el año académico anterior a la petición, o;
  - b. No existe otro docente en la unidad base que pueda ofrecer los cursos que son requisitos de un programa académico, o;
  - c. Las solicitudes de admisión en la unidad base se han incrementado y será posible completar la carga académica del docente con cursos de 15 estudiantes o más o el 75% del cupo máximo para el próximo término académico.
3. Si la negativa de la máxima autoridad nominadora de la unidad base se fundamenta en otras consideraciones no establecidas en las tres circunstancias anteriores será necesaria la aprobación de la presidencia de la Universidad, previa justificación escrita de las razones por las que no procede la movilidad.
4. Si dentro del presupuesto de la unidad base está contemplado el salario del docente, se continuará pagando el mismo, aunque complete su carga en otra unidad, a menos que se solicite una transferencia total de la plaza con el salario y los beneficios marginales correspondientes, en cuyo caso se aplicará las normas de Nombramiento Conjunto Artículo 30, Sección 30.1.9 del Reglamento General.
5. La solicitud elevada por el Rector de la unidad receptora que cumple los criterios para la movilidad y es rechazada por el docente que no ha podido completar su carga según el Reglamento, se interpretará que procede entonces la aplicación del Reglamento en la Sección 65.9 – *Trabajo complementario para completar tarea regular sobre descuento* y citamos:

*De ser necesario por reducción en la matrícula o por la eliminación de cursos, el director del departamento, con la aprobación del decano, y previa consulta con el profesor afectado, le asignará al profesor trabajo para completar su tarea docente regular en los cursos nocturnos o de extramuros u otras tareas académicas o administrativas. Una vez asignada la tarea, si el profesor rehusare aceptar esa asignación, se le hará la correspondiente reducción en sueldo.*

6. La Vicepresidencia de Asuntos Académicos e Investigación será responsable de crear un registro con las peticiones de movilidad de los profesores en todo el sistema universitario.

Es responsabilidad de las rectoras y los rectores de cada unidad institucional mantener los controles y mecanismos necesarios para asegurar la sana administración y la mejor utilización de los recursos conforme a las leyes, reglamentos y normas aplicables. Además, la autoridad nominadora de cada unidad asumirá total responsabilidad por las transacciones delegadas y deberán cumplir con todo lo establecido en este Seriado, así como mantener el uso del presupuesto autorizado sin exceder las asignaciones aprobadas a cada recinto.

Estas directrices tienen efectividad inmediata, por lo cual agradezco el fiel cumplimiento.

- c Vicepresidente de Asuntos Académicos e Investigación  
Decanos de Asuntos Académicos  
Directores de Recursos Humanos

**TRANSLATION FROM ORIGINAL DOCUMENT R-2122-63**

May 10, 2022

**R-2122-63**

Chancellors

Mayra Olavarria Cruz, Ph.D.

Interim President

**UNIFORM APPLICATION GUIDELINES FOR THE MOBILITY OF THE TEACHING FACULTY OF THE UPR UNIVERSITY SYSTEM**

In accordance with Law No. 1 of January 20, 1966, as amended, the University of Puerto Rico will constitute a dynamic system of higher education. Article 4 provides that the Office of the President runs the university system with duties and authorities to (enforce) implement objectives, rules, regulations and budgetary plans and of development of the University – Article 5(c)(1) – and formulate the integrated budget draft for the entire university system (5)(c)(4).

In harmony with the institutional policy on the efficient use of fiscal resources in these moments of financial rigidity and cautious administration of resources at the University of Puerto Rico, the Office of the President has developed a plan to maximize teaching resources and ensure academic mobility that meet the needs of the institution.

The procedure makes possible the teaching mobility promoted by the professor or another campus /unit based on institutional need, guaranteeing the rights of the professor in accordance to Section 46.5 of the General Regulations of the University of Puerto Rico that will be effective throughout the university system.

In situations where a campus/unit does not have the sufficient student enrollment to ensure the academic load of the professor and the rights recognized in the General Regulations, the professor or another campus/unit may promote partial or total movement abiding by the following rules:

1. The professor with the endorsement of the highest authority of the receiving campus, shall request, according to the governance rules of the UPR (i.e., department chair or school director, dean of faculty, and Chancellor of the institutional unit), authorization to the highest authority of the base unit to complete its academic load part-time or full-time academic in the receiving campus. The petition has to establish the task to be performed and the duration of the relocation.
2. Such request should be answered within a maximum period of 15 work days and if the highest authority of the campus does not answer during the term provided, it will be interpreted that the mobilization has been authorized. The refusal of not allowing the professor to complete his academic load in another unit can only be based on:
  - a. There is a need in the campus because the professor has had a full academic load with courses of 15 students or more or 75% of the maximum amount, during the academic year preceding the request, or;

- b. There is no other professor on campus/unit who can offer the courses that are requirements of an academic program, or;
- c. Admission applications to the campus have increased and it will be possible to complete the academic load of the professor with courses of 15 students or more or 75% of the maximum amount for the next academic term.
3. If the refusal of the highest appointing authority of the campus is based on other considerations not established in all of these three circumstances, the approval of the President of the University will be necessary, prior written justification of the reasons why the mobility is not appropriate.
4. If within the budget of the campus the salary of the professor is considered, he will continue to receive the same salary even if he completes your load in another campus, unless a total transfer of the is requested with the salary and the corresponding fringe benefits, in which case the rules shall apply to the regulation of a Joint Appointment Article 30, Section 30.1.9 of the UPR General Regulations
5. The request made by the Chancellor of the receiving campus that meets the criteria for mobility and is rejected by the professor who has not been able to complete his or her academic load according to the UPR Regulation, will therefore apply the Regulations in Section 65.9 – Supplementary work to complete regular task on discount and we quote:

*If necessary due to a reduction in enrollment or the elimination of courses, the director of the department, with the approval of the dean, and prior consultation with the affected professor, will assign the professor work to complete their regular teaching load during the extended periods or extramural courses or other academic or administrative tasks. After the task is assigned, if the professor refuses to accept this assignment, a reduction in salary will proceed.*

6. The Vice-Presidency for Academic Affairs and Research shall be responsible to create a record with the mobility requests of professors throughout the university system.

It is the responsibility of the Chancellors of each institutional unit to maintain the controls and mechanisms necessary to ensure a sound and better administration use of resources in accordance with applicable laws, regulations and rules. In addition, the maximum authority of each campus shall assume full responsibility for the transactions and must comply with everything established in this Series, as well as how to maintain the use of the authorized budget without exceeding the allocations approved to each campus.

These guidelines are immediately effective and request full compliance.

C Vice-President for Academic Affairs and Research  
Deans of Academic Affairs  
Human Resources Directors



10 de mayo de 2022

El Presidente  
de la  
Universidad de  
Puerto Rico

R-2122-64  
SEÑORAS RECTORAS Y SEÑORES RECTORES



Mayra Olavarria Cruz, Ph.D.  
Presidenta Interina



### MODIFICACIÓN DE POLITICA INSTITUCIONAL SOBRE LA ACREDITACION Y EQUIVALENCIA DE CURSOS EN EL SISTEMA UNIVERSITARIO

La Universidad de Puerto Rico (UPR) en su misión de servir al pueblo tiene que garantizar que los estudiantes tengan el mejor acceso posible a la oferta académica de las diferentes unidades institucionales, mediante procedimientos que sean flexibles y que atiendan las necesidades del estudiantado.

La Certificación Núm. 115 (1996-1997) establece que todo curso tomado en la UPR recibirá el mismo trato a través del sistema y que los cursos con igual codificación serán equivalentes, independiente de la unidad en que hayan sido aprobados. Además, mediante la Certificación Núm. 51 (2000-2001) de la entonces Junta de Síndicos se consigna que las unidades de la UPR constituyen para todos los efectos, incluida la convalidación de cursos, un sistema universitario, según establecido en el Artículo 12 del *Reglamento General de la Universidad de Puerto Rico*. A su vez, la Junta Universitaria recomendó en su Certificación Núm. 43 (2001-2002) que los cursos con igual codificación fueran atendidos de modo automático por las Oficinas del Registrador para que bajo ninguna circunstancia su acreditación dependiera de la discreción de algún funcionario.

Mediante carta del 25 de enero de 2012, a toda la comunidad universitaria, la presidencia dispuso de una *Política Institucional sobre la Acreditación y Equivalencia de Cursos en el Sistema Universitario* (anejo 1) la cual se enmienda para añadir un inciso 6, que indique que:

*En los cursos de educación general o básicos de bachillerato que tengan la misma codificación (ver anejo 2), no se requerirá la autorización del director o decano del departamento o facultad al que está adscrito el estudiante para que pueda ser tomado en otra unidad institucional.*

Reciban un cordial saludo

Anejos

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**ENGLISH TRANSLATION DIRECTLY FROM ORIGINAL GUIDELINE (R-2122-64)**

May 10, 2022

R-2122-64

Chancellors

Mayra Olavarria Cruz, Ph.D.

Interim President

**MODIFICATION OF INSTITUTIONAL POLICY ON THE ACCREDITATION AND EQUIVALENCE OF COURSES IN THE UNIVERSITY SYSTEM**

The University of Puerto Rico (UPR) in its mission to serve society has to ensure that students have the best possible access to the academic offerings of the different institutional units, through procedures that are flexible and that meet the needs of the student body.

Certification No. 115 (1996-1997) establishes that every course taken at the UPR will receive the same action through the system and that courses with the same codification will be equivalent, regardless of the unit in which they have been approved. In addition, Certification No. 51 (2000-2001) of the then Board of Trustees states that the units of the UPR constitute for all purposes, including the validation of courses, a university system, as established in Article 12 of the *General Regulations of the University of Puerto Rico*. In turn, the University Board recommended in its Certification No. 43 (2001-2002) that courses with the same codification be attended automatically by the Registrar's Offices so that under no circumstances would their accreditation depend on the decision of any official.

In a letter of January 25, 2012, to the entire university community, the presidency disposed of an *Institutional Policy on the Accreditation and Equivalence of Courses in the University System* (Attachment 1) which is amended to add a paragraph 6, which indicates that:

*In the courses of General Education or basic baccalaureate courses that have the same codification (see Attachment 2), will not require the authorization of the director or dean of the department or faculty to which the student belongs, so that it can be taken in another institutional unit.*

Cordial greetings.

Attachments

**ENMENDADO**

10 de mayo de 2022

**R-2122-64**

**SEÑORAS RECTORAS Y SEÑORES RECTORES**



Mayra Olavarría Cruz, Ph.D.  
Presidenta Interina



**MODIFICACIÓN DE PERMISO PARA CURSOS BASICOS EN LA POLITICA INSTITUCIONAL SOBRE LA ACREDITACION Y EQUIVALENCIA DE CURSOS EN EL SISTEMA UNIVERSITARIO**

La Universidad de Puerto Rico (UPR) en su misión de servir al pueblo tiene que garantizar que los estudiantes tengan el mejor acceso posible a la oferta académica de las diferentes unidades institucionales, mediante procedimientos que sean flexibles y que atiendan las necesidades del estudiantado.

La Certificación Núm. 115 (1996-1997) establece que todo curso tomado en la UPR recibirá el mismo trato a través del sistema y que los cursos con igual codificación serán equivalentes, independiente de la unidad en que hayan sido aprobados. Además, mediante la Certificación Núm. 51 (2000-2001) de la entonces Junta de Síndicos se consigna que las unidades de la UPR constituyen para todos los efectos, incluida la convalidación de cursos, un sistema universitario, según establecido en el Artículo 12 del *Reglamento General de la Universidad de Puerto Rico*. A su vez, la Junta Universitaria recomendó en su Certificación Núm. 43 (2001-2002) que los cursos con igual codificación fueran atendidos de modo automático por las Oficinas del Registrador para que bajo ninguna circunstancia su acreditación dependiera de la discreción de algún funcionario.

Mediante carta del 25 de enero de 2012, a toda la comunidad universitaria, la presidencia dispuso de una *Política Institucional sobre la Acreditación y Equivalencia de Cursos en el Sistema Universitario*, la cual se enmienda para añadir un inciso 6, que indique que:

*En los cursos de educación general o básicos de bachillerato que tengan la misma codificación (ver anejo 2), no se requerirá la autorización del director o decano del departamento o facultad al que está adscrito el estudiante para que pueda ser tomado en otra unidad institucional.*

El Anejo 1 muestra la acreditación y equivalencia de cursos básicos de primer y segundo año en el sistema universitario.

Reciban un cordial saludo

Anejo

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**REVISED**

May 10, 2022

R-2122-64

Chancellors

Mayra Olavarria Cruz, Ph.D.

Interim President

**MODIFICATION OF PERMISSION FOR BASIC COURSES IN THE INSTITUTIONAL POLICY ON THE ACCREDITATION AND EQUIVALENCE OF COURSES IN THE UNIVERSITY SYSTEM**

The University of Puerto Rico (UPR) in its mission to serve society has to ensure that students have the best possible access to the academic offerings of the different institutional units, through procedures that are flexible and that meet the needs of the student body.

Certification No. 115 (1996-1997) establishes that every course taken at the UPR will receive the same action through the system and that courses with the same codification will be equivalent, regardless of the campus in which they have been approved. In addition, Certification No. 51 (2000-2001) of the then Board of Trustees states that the campuses of the UPR constitute for all purposes, including the validation of courses, a university system, as established in Article 12 of the *General Regulations of the University of Puerto Rico*.

In turn, the University Board recommended in its Certification No. 43 (2001-2002) that courses with the same codification be attended automatically by the Registrar's Offices so that under no circumstances would their accreditation depend on the decision of any official.

In a letter dated January 25, 2012, to the entire university community, the presidency had an Institutional Policy on the Accreditation and Equivalence of Courses in the University System, which is amended to add a paragraph 6, which indicates that:

*In general education or basic baccalaureate courses that have the same codification (see Attachment 2), will not require the authorization of the director or dean of the department or faculty to which the student belongs so that it can be taken in another institutional unit.*

Attachment 1 displays the accreditation and equivalence of basic courses of first and second year in the university system.

Cordial greetings

Attachment



(Attachment 1)

El Presidente  
de la  
Universidad  
de Puerto Rico

25 de enero de 2012

## A TODA LA COMUNIDAD UNIVERSITARIA

  
Miguel A. Muñoz, Ph.D.



### POLÍTICA INSTITUCIONAL SOBRE LA ACREDITACIÓN Y EQUIVALENCIA DE CURSOS EN EL SISTEMA UNIVERSITARIO

La Universidad de Puerto Rico (UPR) dispone de políticas claras y categóricas en torno a la acreditación y equivalencia de cursos a través de las unidades, como es lo propio en un sistema universitario. El objetivo de estas políticas es optimizar las oportunidades de nuestro estudiantado de enriquecer y diversificar su formación, y de acceder los cursos requeridos para completar sus grados académicos.

La Certificación Núm. 115, 1996-1997, de la Junta de Síndicos establece como Política Institucional el deber de facilitar el movimiento de estudiantes entre las unidades del sistema. Mediante su Certificación Núm. 146, 2005-2006, la Junta ratificó el Traslado Articulado como la estrategia institucional que permite a los estudiantes trasladarse entre unidades para completar sus grados, sobre bases claras y condiciones estipuladas en acuerdos firmados por los Rectores y debidamente refrendados por el Presidente.

La Certificación Núm. 115 establece además, que todo curso tomado en la UPR recibirá el mismo trato a través del sistema y que los cursos con igual codificación serán equivalentes, independiente de la unidad en que hayan sido aprobados. Por virtud de su Certificación Núm. 51, 2000-2001, la Junta de Síndicos reafirmó esta posición, consignando que las unidades de la UPR constituyen para todos los efectos, incluida la convalidación de cursos, un sistema universitario, según establecido en el Artículo 12 del *Reglamento General de la Universidad de Puerto Rico*, y exhortó a las unidades a fomentar y reconocer la reciprocidad en la aceptación y convalidación de los créditos a través del sistema. A su vez, la Junta Universitaria recomendó en su Certificación Núm. 43, 2001-2002, que los cursos con igual codificación fueran atendidos de modo automático por las Oficinas del Registrador, para que bajo ninguna circunstancia su acreditación dependiera de la discreción de algún funcionario.

Por su parte, la Certificación Núm. 190, 2000-2001, de la Junta de Síndicos reconoció la División de Educación Continua y Estudios Profesionales (DECEP) de cada unidad como parte inherente—y no un apéndice—del proceso académico. A esos fines, la DECEP se adscribió oficialmente al Decanato de Asuntos Académicos y se le facultó para colaborar con los departamentos académicos y facultades para ampliar y complementar los ofrecimientos tradicionales, con el mismo rigor y excelencia que caracterizan la Universidad. La propia Certificación consigna que su concepción procuró asegurar que sus lineamientos no limitaran futuros desarrollos consistentes con la misión de las DECEP,

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la UPR y sus unidades institucionales. En ese marco, el Plan Académico Administrativo de este Presidente y el Plan de Acción de la UPR para el Cumplimiento Sostenido con los Estándares de Excelencia, (Certificaciones Núm. 39 y 53, 2010-2011, de la Junta de Síndicos), contemplan aumentar y diversificar la oferta de cursos a través de las DECEP y el formato de la Universidad Extendida, para adelantar la misión de la institución y allegar recursos adicionales para fortalecerla.

De otro lado, las Certificaciones Núm. 136 y 138, 2003-2004, y 123, 2005-2006, de la Junta de Síndicos, reiteran el compromiso de la UPR con una Cultura de Evaluación y Avalúo Institucional como fundamento por excelencia para una rendición de cuentas y una toma de decisiones informadas en todos los órdenes de su quehacer, a tono con los estándares y valores que rigen la educación superior contemporánea. Por consiguiente, esas acciones requieren de un juicio informado sobre el nivel y rigor de cualquier curso ofrecido en la Universidad de Puerto Rico que sólo puede fundamentarse en los resultados de procesos formales de evaluación y avalúo de los conocimientos, destrezas y competencias contemplados en sus metas y objetivos.

Por tanto, en el marco de la Política Institucional vigente, todas las unidades comparten el compromiso de seguir fielmente las siguientes directrices:

- 1) No se denegará a ningún estudiante un Permiso Especial para tomar un curso en otra unidad del sistema, que cumpla con las directrices sistémicas vigentes para el otorgamiento de permisos especiales, y con los parámetros de la Oficina del Registrador para ser ingresado a su expediente académico, salvo que dicho curso esté accesible y sin conflicto al estudiante en la propia unidad.
- 2) No se denegará a ningún estudiante la acreditación o equivalencia de un curso de otra unidad del sistema que cumpla con los parámetros de la Oficina del Registrador para ser ingresado a su expediente académico.
- 3) Todas las unidades de origen y receptoras mantendrán en oferta los Programas de Traslado Articulado según certificados por los Decanos de Asuntos Académicos y reconocidos como activos por la Vicepresidencia en Asuntos Académicos en el Registro de la Oferta Académica ordenado por la Certificación Núm. 44, 2006-2007, de la Junta de Síndicos, y honrarán cabalmente todos los términos contenidos en los Acuerdos de Traslado Articulado, incluyendo la acreditación y equivalencia de los cursos aprobados en la unidad de origen establecidos en el Acuerdo.
- 4) Cualquier estudiante a quien su Departamento, Facultad o Colegio le deniegue un Permiso Especial, la acreditación o equivalencia de un curso en contra de la *Política Institucional* vigente, podrá radicar una apelación al Decanato de Asuntos Académicos. De no estar conforme con su determinación, podrá apelar ante el Rector, y de no quedar conforme, ante el Presidente y la Junta de Síndicos respectivamente, dentro de lo dispuesto en la Certificación Núm. 138, 1981-1982, del antiguo Consejo de Educación Superior, según enmendada, que regula los procedimientos apelativos administrativos.



- 5) Cualquier planteamiento sobre el nivel y rigor de un curso ofrecido por cualquier unidad del sistema, debidamente documentado con resultados de la evaluación y avalúo del aprendizaje, se traerá formalmente a la atención del Decanato de Asuntos Académicos, quien lo remitirá con su análisis y recomendaciones a la Vicepresidencia en Asuntos Académicos. La Vicepresidencia activará un Comité Sistémico de Equivalencias en el marco de la Certificación Núm. 190, 2000-2001, de la Junta de Síndicos, quien examinará el planteamiento y las recomendaciones del Decanato y emitirá sus recomendaciones. Las recomendaciones que acoja la Vicepresidencia serán de aplicación prospectiva y no irán en menoscabo de las acreditaciones o equivalencias ya otorgadas a los estudiantes en torno a ese curso.

Cuento con la colaboración de todos los funcionarios y cuerpos asesores académicos concernidos con el cumplimiento de este compromiso institucional, que antepone los mejores intereses de nuestro estudiantado, quienes son nuestra razón de ser.

Reciban todos un cordial saludo.

## Attachment 2

### COMITÉ SISTÉMICO DE REVISIÓN DE PRONTUARIOS DE LOS CURSOS BÁSICOS DE PRIMER Y SEGUNDO AÑO

#### **INGLÉS**

3101 – Inglés Básico I

3102 – Inglés Básico II

#### **ESPAÑOL**

ESPA3101 – ESPAÑOL BÁSICO I

ESPA3102 – ESPAÑOL BÁSICO II

#### **CIENCIAS BIOLÓGICAS**

##### **BIOLOGÍA GENERAL**

BIOL3011 – BIOLOGÍA GENERAL I

BIOL3012 – BIOLOGÍA GENERAL II

CIBI3001 – FUNDAMENTOS DE BIOLOGÍA I

CIBI3002 – FUNDAMENTOS DE BIOLOGÍA II

#### **HUMANIDADES**

HUMA3101 – Introducción a la Cultura de Occidente I

HUMA3102 – Introducción a la Cultura de Occidente II

HUMA3201 – Cultura Occidental III

HUMA3202 – Cultura Occidental IV

HUMA3111 – Cultura Occidental I y II

HUMA3112 – Cultura Occidental III y IV

#### **CIENCIAS SOCIALES**

CISO3121 – Ciencias Sociales I

CISO3122 – Ciencias Sociales II

CISO3155 – Fundamentos del razonamiento Estadístico

#### **CIENCIAS FÍSICAS**

CIFI3001 – INTRODUCCIÓN A LAS CIENCIAS FÍSICAS 1

CIFI3002 – INTRODUCCIÓN A LAS CIENCIAS FÍSICAS II

#### **QUIMICA**

QUIM3001 – QUIMICA GENERAL I

QUIM3003 – LAB

QUIM3002 – QUIMICA GENERAL II

QUIM3004 - LAB

QUIM4000 – QUIMICA INORGÁNICA



**HISTORIA**

HIST3245 – COMPENDIO HISTORIA DE PUERTO RICO

HIST3115– HISTORIA DE ESTADOS UNIDOS

13 de mayo de 2022

**R-2122-65**  
**SEÑORAS RECTORAS Y SEÑORES RECTORES**



Mayra Olavarría Cruz, Ph.D.  
Presidente Interina



**CRITERIOS PARA LA OTORGACIÓN DE SUSTITUCIÓN DE TAREA AL  
PERSONAL DOCENTE**

La tarea docente está definida por los Artículos 64, 65 y 66 del *Reglamento General de la Universidad de Puerto Rico* (UPR), así como en diversas certificaciones y cartas circulares que regulan la labor docente. La carga académica regular requiere completa dedicación al servicio universitario durante treinta y siete horas y media (37 ½) por semana. La asignación de tareas o carga académica al personal docente en conformidad con las normas universitarias está a cargo del director de cada departamento, en consulta con el profesor mismo y con la aprobación del Decano de Asuntos Académicos, de Facultad o Director de Escuelas.

La Certificaciones de Junta de Gobierno Núm. 105 (2014-2015) y 60 (2015-2016), establecieron una tabla de equivalencias de la tarea docente. En aras de implementar dichas certificaciones y que garanticen maximizar los recursos docentes en beneficio de la calidad académica en todo el sistema universitario, se establecen los siguientes principios y supuestos como medidas cautelares:

1. La sustitución de tareas por una actividad no lectiva, que es en beneficio para la institución, deberá acreditarse y certificarse por el Director de Departamento o Director de Escuela cuando aplique, el Decano de Facultad o de Asuntos Académicos y el Rector de la unidad o recinto, siempre que se encuentre dentro del presupuesto asignado.
2. Los docentes deberán pertenecer al menos a un comité durante el año académico como parte de su carga académica.
3. La concesión u otorgación de sustituciones de tareas para la investigación, creación, administración, servicio u otra tarea que incida en la docencia deberá estar debidamente justificada por el Director de Departamento, Director de Escuela o coordinador de la unidad a la cual pertenece el docente. Dicha concesión u otorgación tiene que ser aprobada por el Decano de Facultad o Decano de Asuntos Académicos. Es el decano quien presentará un informe de sustitución de tareas al

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rector de la unidad correspondiente para que éste conceda su visto bueno a tono con las normas antes del comienzo de cada sesión académica.

#### **A. Enseñanza**

1. La meta es satisfacer la demanda de cursos para los estudiantes matriculados en nuestros programas con profesores con nombramientos regulares.
2. Los profesores que no puedan completar su carga académica en su unidad o recinto seguirán el procedimiento de movilidad docente. Ésta será promovida por el mismo docente u otra unidad basado en la necesidad institucional, garantizando los derechos del docente según la Sección 46.5 del Reglamento General de la UPR que serán efectivos en todo el sistema universitario.

#### **B. Investigación**

1. Para incentivar la labor creativa, se fomentará la otorgación de sustituciones de tareas para aquellos profesores con propuestas de investigación otorgadas y que demuestren gran dedicación y productividad en la misma. Algunos índices de productividad incluyen: cantidad de estudiantes involucrados en la actividad; número y calidad de presentaciones en foros locales, nacionales e internacionales; número y calidad de publicaciones (publicación de artículo no arbitrado por pares, capítulo de libro, publicación de artículo arbitrado por pares, factor de impacto de la revista arbitrada, libro, participación en un cuerpo consultivo profesional o gubernamental relacionada a la disciplina de investigación). A través de la sustitución de tarea se le concede el tiempo para que lleve a cabo su investigación en su horario de trabajo.
2. Las descargas por investigación se asignarán prioritariamente para proyectos activos (vigentes) en los cuales dicha descarga, con su valor explicativo (en créditos o porcentaje que forme parte de la propuesta). Si el proyecto recibe una extensión de tiempo sin costo para finalizarlo, las tareas que se realicen serán consideradas *Ad Honorem* y no pueden recibir descargas adicionales, si ya se cumplió con todo el compromiso institucional presentado en la propuesta.
3. Se concederá hasta un máximo de 12 créditos por sustituciones por investigación R01, NSF o una agencia similar en propuestas altamente competitivas que alleguen fondos a la institución.
4. Investigaciones con propuestas aprobadas competitivas que generen costos indirectos y que no sean contempladas en el inciso 3, se concederá un máximo de 6 créditos de sustitución de tareas.
5. Investigaciones con fondos institucionales se concederá hasta un máximo de tres créditos en sustitución de tareas.
6. Labor de investigación se concederá hasta un máximo de 2 créditos de descarga en un semestre sin fondos externos para incentivar la investigación. El docente se compromete a demostrar productividad en su investigación por el tiempo concedido antes de solicitar una próxima descarga académica para investigación.



7. Para los profesores nuevos, cuya carta contractual incluye algún compromiso de descarga de investigación durante los primeros años, se honrará dicho compromiso si hay una posibilidad real de someter al menos una propuesta de investigación con buenas posibilidades de aprobación durante el próximo semestre. Esta evaluación de posibilidad real de éxito la realizará el Director de Departamento y/o el Decano de Facultad o de Asuntos Académicos. Luego del primer año de la contratación, estos profesores no deberán recibir más de tres (3) créditos de descarga por semestre para fines de preparación de la propuesta.

### C. Gerencia académica

1. Las sustituciones de tareas para llevar a cabo funciones administrativas o de servicio a la institución son necesarias, sin embargo, las mismas no pueden ser de manera uniforme para todos los departamentos, unidades, escuelas y facultades de programas subgraduados. Para ello, se ha establecido una norma uniforme que provee al profesor el tiempo que dedicará a la realización de la labor administrativa o de servicio a la institución.
2. En departamentos donde haya director(es) asociado(s), no se otorgarán descargas de tarea docente para labores de coordinación académica. Las tareas de orientación o asesoría académica serán responsabilidad de todo el personal docente del departamento (Reglamento General de la UPR, Artículo 65.2). En departamentos donde no exista director asociado se podrá optar por otorgar hasta seis (6) créditos por departamento para tareas de coordinación y administración.

Es responsabilidad de los rectores de cada unidad institucional mantener los controles y mecanismos necesarios para asegurar la sana administración y la mejor utilización de los recursos conforme a las leyes, reglamentos y normas aplicables. La autoridad nominadora de cada unidad asumirá total responsabilidad por las transacciones delegadas y deberán cumplir con todo lo establecido en este Seriado, así como mantener el uso del presupuesto autorizado sin exceder las asignaciones aprobadas a cada unidad y recinto.

Agradezco el fiel cumplimiento de estas directrices que tienen efectividad inmediata.



## **ENGLISH TRANSLATION DIRECTLY FROM ORIGINAL GUIDELINE (R-2122-65)**

May 13, 2022

### **R-2122-65**

Chancellors

Mayra Olavarria Cruz, Ph.D.

Interim President

### **CRITERIA FOR GRANTING SUBSTITUTION TASKS TO TEACHING STAFF**

The teaching task is defined by Articles 64, 65 and 66 of the General Regulations of the University of Puerto Rico (UPR), as well as in various certifications and circular letters that regulate the faculty labor. The regular academic load requires full dedication to university service for thirty-seven and a half hours (37 1/2) per week. The assignment of tasks or academic load to the teaching staff in accordance with university standards is in charge of the director of each department, in consultation with the professor himself and with the approval of the Dean of Academic Affairs, Faculty or Directors of Schools.

The Governing Board Certifications No. 105 (2014-2015) and 60 (2015-2016), established a table of equivalences of the teaching task. In order to implement these certifications and to guarantee maximizing teaching resources for the benefit of academic quality throughout the university system, the following principles and assumptions are established as precautionary measures:

1. The replacement of tasks by a non-teaching activity, which is for the benefit of the institution, must be accredited and certified by the Department director or the Director of School (when applicable), the Dean of Faculty or Academic Affairs and the Chancellor of the unit or campus, within its assigned budget.
2. Professors shall belong to at least one committee during the academic year as part of their academic load.
3. The granting or granting of substitutions of tasks for research, creation, administrative, service or other tasks that affects teaching must be duly justified by the director of the Department, director of the school or the coordinator of the unit to which the professor/faculty belongs. Such concession or authorization must be approved by the Dean of Faculty or Dean of Academic Affairs. It is the dean who will present a report of substitution of tasks to the Chancellor of the corresponding unit so that an approval can be granted in accordance with the rules before the beginning of each academic session.

#### **A. Teaching**

1. The goal is to meet the demand for courses for students enrolled in our programs with professors with regular appointments.
2. Professors who are unable to complete their academic load in their unit or campus shall follow the teacher mobility procedure. This will be promoted by the same teacher or another unit based on institutional need, guaranteeing the rights of the professor according to Section 46.5 of the General Regulations of the UPR that will be effective throughout the university system.

## **B. Research**

1. To encourage creative work, substitutions of tasks will be encouraged and granted for those professors with research proposals granted and who demonstrate great dedication and productivity in it. Some productivity instances include: number of students involved in the activity; number and quality of presentations in local, national and international forums; number and quality of publications (publication of non-peer-reviewed article, book chapter, peer-reviewed article publication, refereed journal impact factor, book, participation in a professional or governmental advisory body related to the research discipline). Through substitution they are given the time to carry out their research during their work schedule.
2. Research release time shall be allocated as a priority to active (current) projects in which the release time, with its justification (in credits or percentage forming part of the proposal). If the project receives a No Cost Extension to be completed, the tasks that are carried out will be considered Ad Honorem and cannot receive additional release time, if all the institutional commitment presented in the proposal has already been fulfilled.
3. Up to a maximum of 12 credits shall be granted for substitutions for R01, NSF or a similar agency research in highly competitive proposals that will allocate funds to the institution.
4. Research with competitive approved proposals that generate indirect costs and that are not contemplated in number 3, a maximum of 6 credits will be granted for the substitution of tasks.
5. Research with institutional funds shall be granted up to a maximum of three credits for the substitution of tasks.
6. For research work, up to a maximum of 2 download credits will be awarded in a semester without external funds to encourage research. The professor commits to demonstrate productivity in his research for the time granted before requesting another academic release time for research.
7. For new professors, whose contractual letter includes some commitment to perform research during the first years, such commitment will be validated if there is a real possibility of submitting at least one research proposal with good chances of approval during the next semester. This evaluation of the real possibility of success will be carried out by the Department Director and/or the Faculty Dean or Dean of Academic Affairs. After the first year of hiring, these professors shall not receive more than three (3) release time credits per semester for proposal preparation purposes.

## **C. Academic management**

1. Substitutions of tasks to carry out administrative or service functions to the institution are necessary, however, they cannot be homogeneous for all departments, units, schools and faculties of undergraduate programs. To this end, a uniform standard has been established that provides the professor with the time he will devote to the performance of administrative or service tasks to the institution.
2. In departments where there is an associate director(s), academic release time will not be granted for academic coordination tasks. The tasks of orientation or academic advice will be the responsibility of all the teaching staff of the department (General Regulations of the UPR, Article 65.2). In departments where there is no associate director, up to six (6) credits can be granted per department for coordination and administration tasks. It is the responsibility of the Chancellors of each institutional unit to maintain the

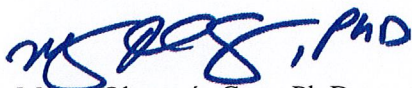


necessary controls and mechanisms to ensure the sound administration and the best use of resources in accordance with applicable laws, regulations and standards. The appointing authority of each unit will assume full responsibility for the delegated transactions and must comply with everything established in this Guideline (Seriado R-2122-65) as well as maintaining the use of the authorized budget without exceeding the approved allocations to each unit and campuses.

I appreciate the full compliance of these guidelines, which are immediately effective.

**ENMENDADO**  
13 de mayo de 2022

**R-2122-66**  
**SEÑORAS RECTORAS Y SEÑORES RECTORES**



Mayra Olavarria Cruz, Ph.D.  
Presidente Interina



### **CRITERIOS PARA LA PROGRAMACION DE MATRICULA SUBGRADUADA**

Ante los recortes presupuestarios proyectados para la Universidad de Puerto Rico para el próximo año académico, se establecen una serie de medidas que garanticen la oferta académica, maximizar los recursos docentes a nivel sistémico y las necesidades institucionales. En materia de programación académica se dispone lo siguiente:

#### **PROGRAMACIÓN DE MATRÍCULA**

1. El primer paso para la programación académica es asegurar que el curso que se ofrecerá se encuentra en la secuencia curricular del programa.
2. Antes de ofrecer una segunda sección se tendrá que garantizar que el primer curso tiene el 100% del cupo máximo, según aprobado por la Vicepresidencia de Asuntos Académicos e Investigación y que la segunda sección tendrá al menos un 50% del cupo máximo.
3. Los cursos serán programados a base de la demanda pronosticada y no en la capacidad (espacio en programa docente) disponible. El exceso de capacidad docente que se requiera completar, si alguno, se hará con cursos en otras unidades que tenga la necesidad ya sea de forma presencial, remota o híbrida.
4. La primera opción antes de programar secciones adicionales debe ser aumentar la capacidad de cupos en secciones ya programadas.
5. Para programar un curso que no se encuentra en la secuencia curricular será necesario que tenga la demanda mínima de estudiantes, que sea auto liquidable o un 75% del cupo máximo según aprobado por la Vicepresidencia de Asuntos Académicos e Investigación. Un curso auto liquidable es aquel que genera ingresos suficientes para cubrir la porción correspondiente del salario del docente.

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6. La oferta de cursos y el correspondiente horario de clases del próximo semestre se hará sin considerar contrataciones temporeras o parciales. La excepción será si la unidad proyecta cubrir este gasto con fondos de su cuenta de recobro de salarios, de compra de tiempo o con fondos externos. La nómina de contrataciones docentes externas será contingente, una vez que se acredite que no se puede suplir la demanda con profesores de la unidad o de otra unidad en el sistema de acuerdo con su cualificación y que los docentes de la unidad tienen su carga completa.
7. El horario de ofrecimientos de cursos se debe confeccionar pensando en el beneficio directo a los estudiantes. El Rector tiene la autoridad para asegurar el cumplimiento de este principio. Los cursos con más de una sección se deben programar de forma tal que se ofrezcan el mayor número de alternativas en el horario a lo largo de la semana, incluyendo sábados. Se debe evitar conflictos entre cursos que el estudiante debe tomar según su currículo, ya sean los cursos dentro del mismo departamento o entre departamentos.
8. Al programar las secciones de cursos subgraduados, se usará la capacidad máxima del salón como el cupo de la sección desde el primer día de matrícula. Se debe promover el ofrecimiento de mega secciones.
9. Al programar los cursos subgraduados en secciones híbridas se usará la capacidad máxima del salón por sección desde el primer día de matrícula.
10. La sección en línea será con un mínimo de 25 estudiantes o que sea auto liquidable.
11. El Rector debe adelantarse a la posibilidad de que algún profesor no tenga su carga completa al no permitirse secciones pequeñas. En caso de que exista esta posibilidad, el Rector coordinará para que los profesores que tengan la preparación y la capacidad para ello, dicten cursos en otras facultades o unidades del sistema universitario donde haya la necesidad de recursos docentes para cubrir la demanda. Hasta donde sea posible, esto se debe planificar al momento de preparar el horario, y no esperar a los ajustes al inicio del periodo académico.
12. En caso de que todos los facultativos regulares tengan su carga completa con cursos y que aún queden secciones sin cubrir, se suplirá esta necesidad con profesores de otro departamento, otra facultad u otra unidad capacitados en la materia.
13. Para cursos de conferencia se dispone que las secciones que no cumplan con lo aquí establecido deben cerrarse los cursos antes de que abra el proceso de ajustes de matrícula en agosto o enero. Los estudiantes afectados por el cierre de secciones deben ser atendidos de forma inmediata por los correspondientes departamentos para que estén matriculados en otro curso apropiado para ellos. En ninguna circunstancia se debe esperar al comienzo de clases para tomar la acción correspondiente.

14. La oferta académica subgraduada de la Universidad de Puerto Rico se distingue por promover la formación holística de sus estudiantes. Una vez atendida la programación académica en la secuencia curricular programada, se debe atender aquellos cursos electivos que complementan la oferta académica siguiendo los mismos principios aquí descritos.

Estas directrices no contemplan los cursos de especialidad.

Es responsabilidad de los rectores de cada unidad institucional mantener los controles y mecanismos necesarios para asegurar la sana administración y la mejor utilización de los recursos conforme a las leyes, reglamentos y normas aplicables. La autoridad nominadora de cada unidad asumirá total responsabilidad por las transacciones delegadas y deberán cumplir con todo lo establecido en este Seriado, así como mantener el uso del presupuesto autorizado sin exceder las asignaciones aprobadas a cada unidad y recinto.

Agradezco el fiel cumplimiento de estas directrices que tienen efectividad inmediata.



## **ENGLISH TRANSLATION DIRECTLY FROM ORIGINAL GUIDELINE (R2122-66)**

### **AMENDED**

May 13, 2022

### **R-2122-66**

Chancellors

Mayra Olavarria Cruz, Ph.D.

Interim President

### **CRITERIA FOR UNDERGRADUATE ENROLMENT PROGRAMMING**

Given the budget cuts projected for the University of Puerto Rico for the next academic year, a series of measures are established to guarantee the academic offer, maximize teaching resources at a systemic level and institutional needs. In terms of academic programming, the following is provided:

#### **PROGRAMMING ACADEMIC REGISTRATION**

1. The first step to academic programming is to ensure that the course to be offered is in the curriculum sequence of the program.
2. Before offering a second section, it will be necessary to guarantee that the first course has 100% of the maximum number of students, as approved by the Vice Presidency of Academic Affairs and Research and that the second section will have at least 50% of the maximum spaces.
3. Courses will be scheduled based on forecast demand and not on the capacity (teaching program space) available. The excess teaching capacity that is required to be completed, if any, will be done with courses in other units that have the need either in person, remotely or hybridly.
4. The first option before scheduling additional sections should be to increase the capacity of spaces in already scheduled sections.
5. To program a course that is not in the curricular sequence it will be necessary that it has the minimum demand for students, that it is self-liquidating or 75% of the maximum spaces as approved by the Vice Presidency of Academic Affairs and Research. A self-liquidating course is one that generates sufficient income to cover the corresponding portion of the professor's salary.
6. The offering of courses and the corresponding class schedule of the next semester will be made without considering temporary or partial contracts. The exception will be if the unit plans to cover this expense with funds from its salary collection account, time /effort or with external funds. The payroll of external teacher hires will be contingent, once it is proven that the demand cannot be met with professors from the unit or another unit in the system according to their qualification and that the teachers of the unit have their full load.
7. The schedule of course offerings must be made with the direct benefit having students in mind. The Chancellor has the authority to ensure compliance with this principle. Courses with more than one section should be scheduled in such a way that the greatest number of alternatives are offered in the schedule throughout the week, including Saturdays. Conflicts should be avoided between courses that

the student must take according to their curriculum, whether they are courses within the same department or between departments.

8. When scheduling the sections of undergraduate courses, the maximum capacity of the classroom will be used as the number of the section from the first day of enrollment. The offering of mega- sections should be promoted.

9. When scheduling undergraduate courses in hybrid sections, the maximum capacity of the classroom per section will be used from the first day of enrollment.

10. The online sections will be with a minimum of 25 students or that it is self-liquidating.

11. The Chancellor must anticipate the possibility that a professor does not have his full load by not allowing small sections. In case this possibility exists, the Chancellor will coordinate so that the professors who have the preparation and capacity, will teach courses in other faculties or units of the university system where there is a need for teaching resources to meet the demand. If possible, this should be planned when preparing the schedule, and not wait for adjustments at the beginning of the academic period.

12. In the event that all regular faculty have their full load with courses and that there are still unfilled sections, this need will be met with professors from another department, another faculty or another unit trained in the subject.

13. For conference courses it is provided that sections that do not comply with the provisions herein must close the courses before the registration adjustment process opens in August or January. Students affected by the closure of sections must be assisted immediately by the corresponding departments so that they are enrolled in another course appropriate for them. Under no circumstances should you wait for the beginning of classes to take the corresponding action.

14. The undergraduate academic offering of the University of Puerto Rico is distinguished by promoting the holistic development of its students. Once the academic programming in the programmed curricular sequence has been followed, those elective courses that complement the academic offering following the same principles described here must be pursued. These guidelines do not cover specialty courses. It is the responsibility of the Chancellors of each institution to maintain the necessary controls and mechanisms to ensure the sound administration and the best use of resources in accordance with applicable laws, regulations and standards. The appointing authority of each campus will assume full responsibility for the delegated transactions and must comply with everything established in this Series, as well as maintain the use of the authorized budget without exceeding the approved allocations to each unit and enclosure.

I appreciate the compliance with these guidelines that have immediate effectiveness.



# APPENDIX 5



## UNIVERSIDAD DE PUERTO RICO EN CAYEY

*Junta Administrativa*

### CERTIFICACIÓN NÚMERO 4 (2022-23)

Yo, Gladys Ramos García, Secretaria Accidental de la Junta Administrativa de la Universidad de Puerto Rico en Cayey, por el presente medio

**CERTIFICO:** Que la Junta Administrativa, en su reunión extraordinaria del viernes 22 de julio de 2022, tuvo ante su consideración la Distribución Presupuestaria para el año académico 2022-2023, que fuera presentada por la Sra. María M. Santiago Morales, Directora de la Oficina de Presupuesto.

Luego del análisis de este asunto, la Junta adoptó por unanimidad el siguiente

**ACUERDO:** Aprobar la Distribución Presupuestaria de la Universidad de Puerto Rico en Cayey para el año fiscal 2022-2023.

Los documentos sometidos se harán formar parte integrante de la presente Certificación.

Y, PARA QUE ASÍ CONSTE, expido la presente Certificación en Cayey, Puerto Rico, el día veintidós de julio de dos mil veintidós.

Gladys Ramos García  
Secretaria Accidental

Vo. Bo.

Glorivee Rosario Pérez  
Rectora y Presidenta  
de la Junta Administrativa



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**Translated from original certification in Spanish.**

**CERTIFICATION NUMBER 4 (2022-23)**

I, Gladys Ramos García, Accidental Secretary of the Administrative Board of the University of Puerto Rico at Cayey, hereby certifies the following:

I CERTIFY that the Administrative Board, in its Extraordinary Meeting on Friday July 22, 2022, considered and appraised the Budget Distribution for the academic year 2022-2023, which was presented by Ms. María M. Santiago Morales, Director of the Budget Office.

Following the analysis of this matter, the Board unanimously adopted the following:

**AGREEMENT:** Approve the Budget Distribution of the University of Puerto Rico in Cayey for the fiscal year 2022-2023. The documents submitted shall form an integral part of this Certification.

AND, FOR THE RECORD, I issue this Certification in Cayey, Puerto Rico, the the twenty-second day of July of two thousand and twenty-two.

Gladys Ramos Garcia  
Accidental Secretary

Approved by:

Glorivee Rosario Pérez  
Chancellor & President  
Administrative Board