



UNIVERSITY OF PUERTO RICO

# Fiscal Plan for 2021

Committed to the Sustainability of the UPR

April 29, 2021

# Disclaimer

---

The University of Puerto Rico (“UPR” or the “University”), the Government of Puerto Rico, its instrumentalities and agencies (the “Government”), and each of their respective officers, directors, employees, agents, attorneys, advisors, members, partners or affiliates make no representation of warranty, express or implied, to any third party with respect to the information contained herein and all Parties expressly disclaim any such representations of warranties that may be inferred by the reader of this document.

Within the process of developing this document, the UPR has had to rely upon preliminary information for 2020 and 2021, yet its formulation has been coupled and reinforced with audited financials for 2017, 2018 and 2019. As such, UPR has made certain assumptions that may materially change. The Parties do not owe or accept any duty or responsibility to any reader or recipient of this presentation, whether in contract or tort, and shall not be liable for or in respect of any loss, damage (including without limitation consequential damages or lost profits) or expense of whatsoever nature of such third party that may be caused by, or alleged to be caused by, the use of this presentation or that is otherwise consequent upon the gaining of access to this document by such third party.

The Parties do not undertake any duty to update the information contained herein. This document does not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls or other attestation or review services in accordance with standards established by the American Institute of Certified Public Accountants (“AICPA”) or any other organization. Accordingly, the Parties do not express an opinion or any other form of assurance on the financial statements or any financial or other information or the internal controls of the UPR and the information contained herein. Any statements and assumptions contained in this document, whether forward-looking or historical, are not guarantees of future performance and involve certain risks, uncertainties, estimates, and other assumptions made in this document. The economic and financial condition of the UPR is affected by various legal, financial, social, economic, environmental, governmental, and political factors.

These factors can be very complex, may vary from one fiscal year to the next and are frequently the result of actions taken or omission of action thereof, not only by the UPR, but also by Financial Oversight and Management Board for Puerto Rico and other third-party entities, such as the Government of the United States.

# Table of Contents

---



<b>1</b>	<b>Executive Summary</b>	<b>2</b>	<b>Institutional Background</b>	<b>3</b>	<b>Challenges Facing The Institution</b>	<b>4</b>	<b>Measures to Improve Fiscal &amp; Operational Situation</b>
<b>5</b>	<b>Pension Reform &amp; Debt Sustainability</b>	<b>6</b>	<b>Financial Reporting &amp; Governance</b>	<b>7</b>	<b>Implementation Progress</b>		

# Table of Contents

---

<b>1</b>	<b>Executive Summary</b>	<b>2</b>	Institutional Background	<b>3</b>	Challenges Facing The Institution	<b>4</b>	Measures to Improve Fiscal & Operational Situation
<b>5</b>	Pension Reform & Debt Sustainability	<b>6</b>	Financial Reporting & Governance	<b>7</b>	Implementation Progress		

# Executive Summary: Committed to the Sustainability of the UPR

---

*This is the 6th fiscal plan that the Financial Oversight and Management Board for Puerto Rico (“FOMB”) has required the University of Puerto Rico (“UPR”, and/or the “University”) to prepare since the enactment of the Puerto Rico Oversight, Management and Economic Stability Act (“PROMESA”). This revision is by far the most complex due to the high level of social and economic uncertainty caused by the unprecedented challenge resulting from the outbreak of a respiratory illness caused by the COVID-19 Pandemic.*

---

- The UPR Fiscal Plan for 2021 is Committed towards PROMESA compliance, fiscal and financial responsibility, and providing a long-term path towards the Sustainability of the UPR.
- From FY’17 to FY’21, the University’s Government Appropriations have been reduced by an accumulated \$333 million, or 40%. In order to mitigate the budget reduction, the University is implementing fiscal controls and revenue generating measures.
- The University has executed measures that will have a total impact of \$2.0 billion from FY’18 to FY’26, with 76% of the target of the Revised Fiscal Plan already met by FY’21
- For FY’21 the University has completed \$262 million in accumulated annual measures, compared to the Certified Fiscal Plan’s \$347.2 million for the fiscal year. Key variances include: (i) loss of student population; (ii) target insufficiency in Federal Research and Investigation Grants; (iii) higher employee compensation targets; (iv) limited implementation in marginal benefit reductions; and (v) additional contribution to the Pension System.
- For FY’22 the Government’s new Administration has a stance to eliminate any further reductions to UPR General Appropriations. The New Government Appropriation Fiscal Resiliency Funds, would be distributed for specific and restricted initiatives, not for any deficiency or refusal to implement any fiscal measure.
- Finally, the UPR Fiscal Plan for 2021 covers all administrative actions, initiatives and pending fiscal and financial matters that provide a firm resolution to the University’s short and long term matters.

# Table of Contents

---

1	Executive Summary	2	<b>Institutional Background</b>	3	Challenges Facing The Institution	4	Measures to Improve Fiscal & Operational Situation
5	Pension Reform & Debt Sustainability	6	Financial Reporting & Governance	7	Implementation Progress		

# Governing Board



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

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

Two tenured professors

Two full-time students

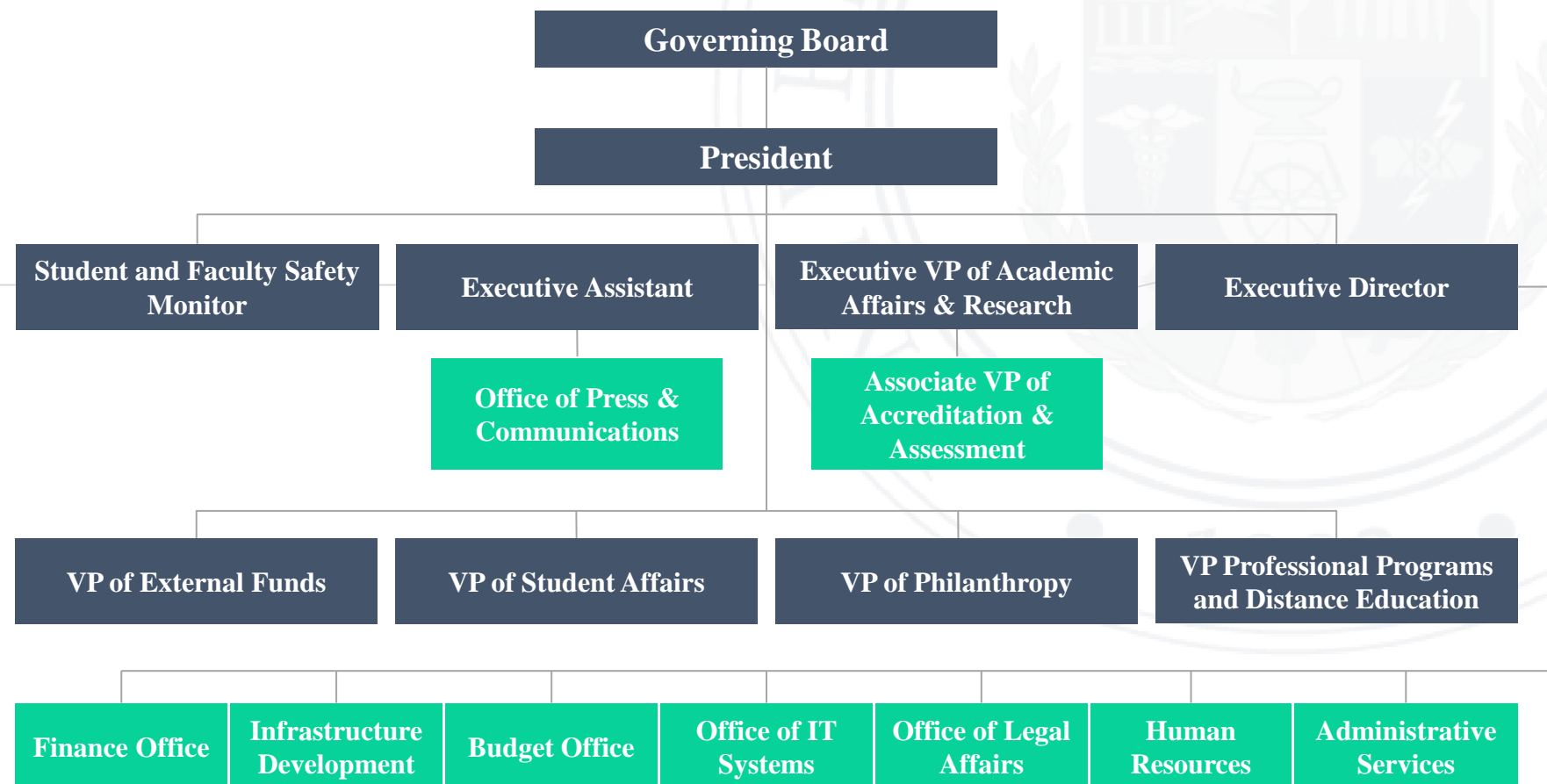
The Secretary of the Department of Education of Puerto Rico becomes ex-officio member

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

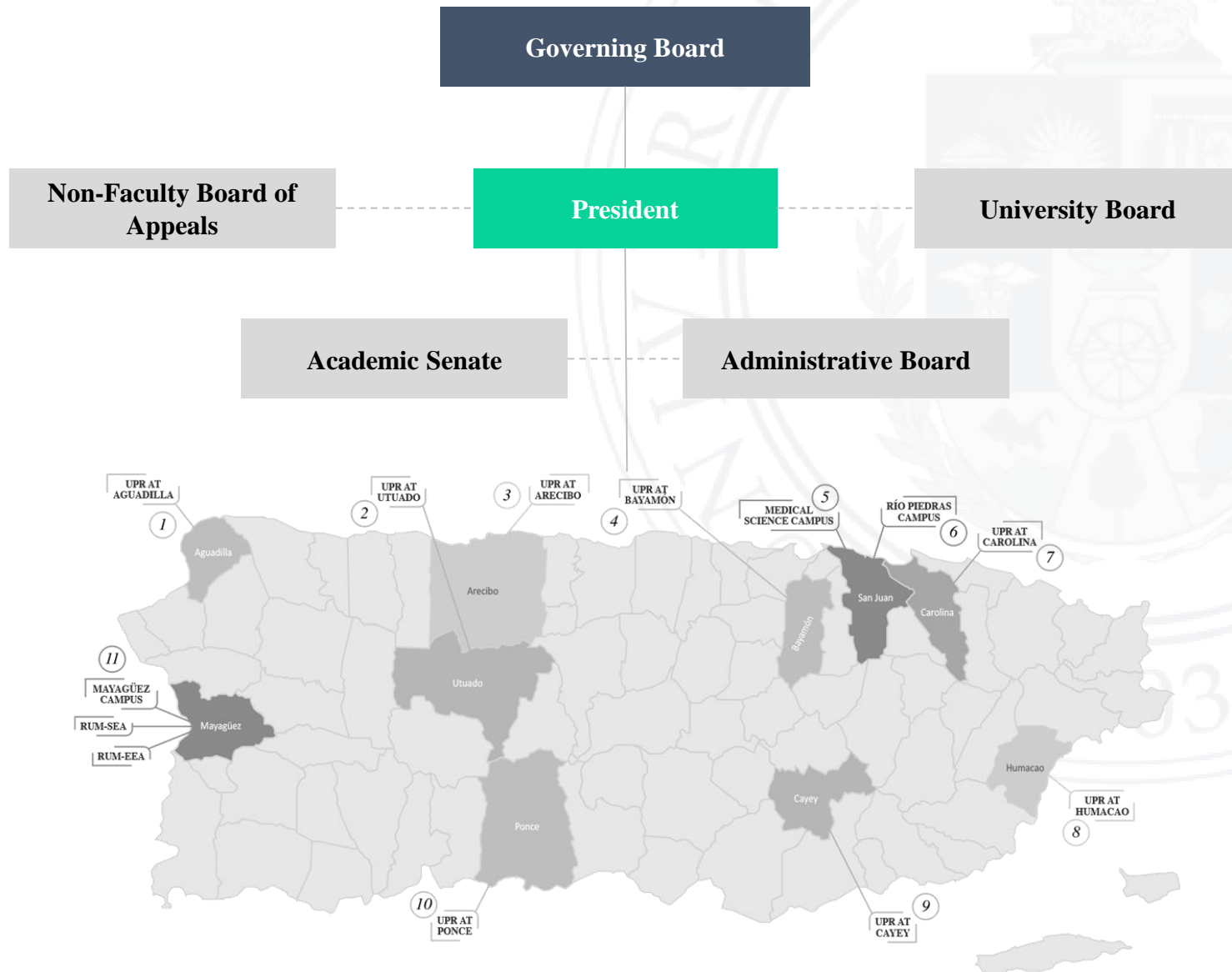
- The President of the University, appointed by the Governing Board, is the Chief Executive Officer (CEO) of the Institution
- The Chancellors, appointed by the Governing Board following the recommendation of the President of the University, under the President's oversight

# Central Administration Organizational Structure

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



# Organization and Governance



# Academic Offerings Across the UPR System

*The UPR is Accredited by the MSCHE and 45 other Professional Accrediting Agencies. Offers 433 Academic Degrees & over 690 academic programs that range from associate degrees to PhD's*

Undergraduate	Graduate
✓ <b>31</b> Associate Degrees	✓ <b>6</b> First Professional Level Degrees: J.D., M.D., D.M.D., PharmD and Au.D.
✓ <b>236</b> Baccalaureates	✓ <b>12</b> Graduate Certificates
✓ <b>144</b> Articulated Transfer Programs between campuses leading to Baccalaureate Degrees	✓ <b>114</b> Masters
	✓ <b>40</b> Ph. D.'s and Professional Doctorates
	✓ <b>41</b> Medicine and Dental Medicine Residency Programs

## Certifications and other specializations

<b>694</b> degree granting academic programs and professional certification programs in: <ul style="list-style-type: none"> <li>• Arts</li> <li>• Sciences</li> <li>• Business</li> <li>• Engineering</li> <li>• Technology</li> </ul>	<b>58%</b> of academic programs are susceptible to professional accreditation  Of these <b>87%</b> are already accredited	Examples:  The Business Administration School at the Río Piedras Campus is accredited by the Association to Advance Collegiate Schools of Business (AACSB) making it the first public business school to achieve this distinction in the Caribbean Region  <b>Less than 5% of the 13,000</b> business schools worldwide have achieved this prestigious recognition
--	---	--

# List of Specialized Accreditations

---

- ✓ ABET – CAC
- ✓ ABET - ETAC
- ✓ Accreditation Commission for Midwifery Education
- ✓ Accreditation Commission for Programs in Hospitality Administration (ACPHA)
- ✓ Accreditation Council for Business Schools and Programs (ACBSP)
- ✓ Accreditation Council for Education in Nutrition and Dietetics
- ✓ Accreditation Council for Pharmacy Education
- ✓ Accreditation Council for Occupational Therapy Education, American Occupational Therapy Association
- ✓ Accrediting Council on Education in Journalism and Mass Communication (ACEJAC)
- ✓ American Alliance of Museums
- ✓ American Bar Association
- ✓ American Chemical Society
- ✓ American College of Nurse Midwives
- ✓ American Dental Association
- ✓ American Physical Therapy Association
- ✓ American Psychological Association
- ✓ American Society of Cytopathology
- ✓ American Speech-Language-Hearing Association
- ✓ American Veterinary Medical Association
- ✓ Association of American Law Schools
- ✓ Association of College and Research Libraries, American Libraries Association
- ✓ Association to Advance Collegiate Schools of Business
- ✓ Commission on Accreditation for Health Informatics and Information Management Education
- ✓ Commission on Accreditation of Healthcare Management Education
- ✓ Commission on Accreditation of Ophthalmic Medical Programs
- ✓ Commission on Collegiate Nursing Education
- ✓ Computing Accreditation Commission, ABET, Inc.
- ✓ Council for the Accreditation of Educator Preparation.
- ✓ Council on Accreditation of Nurse Anesthesia Educational Programs
- ✓ Council on Education for Public Health
- ✓ Council on Rehabilitation Education
- ✓ Council on Social Work Education
- ✓ Engineering Technology Accreditation Commission, ABET, Inc.
- ✓ International Association of Counseling Services
- ✓ Joint Commission on Allied Health Personnel in Ophthalmology and Commission on Accreditation of Allied Health Education Programs
- ✓ Joint Review Committee on Education in Radiologic Technology
- ✓ Joint Review Committee on Educational Programs in Nuclear Medicine Technology
- ✓ Liaison Committee on Medical Education
- ✓ National Accrediting Agency for Clinical Laboratory Sciences
- ✓ National Architectural Accrediting Board
- ✓ National Association for the Education of Young Children
- ✓ National Association of Schools of Public Affairs and Administration
- ✓ National League for Nursing Accrediting Commission
- ✓ National Council for Accreditation of Teacher Education (NCATE)
- ✓ Planning Accreditation Board

# UPR Overview

*The UPR prides itself on offering academic excellence, being a leader in research and helping the community through various community service engagements*

**~45,000 Students**

**3,000 Faculty Members &  
~6,500 Employees**

**11 Campuses**

- The UPR offers the highest quality education while continuously being the most affordable higher education institution in the Island
- In addition to its 11 campuses, it also has 2 research centers, a Hospital, 7 Agricultural Extension Stations, 37 offices for Agricultural Extension Services, and has clinics that offer Health, Legal & Other Services free of charge
- The UPR is positioned among the top universities in Latin America and the Caribbean ranking #1 in Webometrics and being Ranked #37 out of 410 universities in Latin America by QS (an improvement from #42 in FY'17)
- Publishes over 65% of all scientific publication in Puerto Rico
- Produces 90% of all research projects in Puerto Rico with funds received from the National Science Foundation, National Institutes of Health and NASA, among others
- This Fiscal Plan highlights the path forward including additional revenue enhancements and expense controls, while transforming the University's operational structure and restructuring the UPR's Pension System

# UPR Campus Profile

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

Campus	FY'21 Students	Faculty <sup>1</sup>	Non-Faculty <sup>1</sup>
UPR Rio Piedras	13,286	1,173	1,290
UPR Mayagüez	12,343	798	1,546
Medical Science	2,180	1,166	1,202
UPR Aguadilla	2,645	148	188
UPR Arecibo	2,944	215	227
UPR Bayamón	2,297	221	225
UPR Carolina	3,255	181	185
UPR Cayey	3,399	165	275
UPR Humacao	2,442	243	282
UPR Ponce	2,258	189	196
UPR Utuado	511	67	124
<b>Total</b>	<b>45,557</b>	<b>4,566</b>	<b>5,740</b>

Roster as of 02/28/21

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

# Table of Contents

---

1	Executive Summary	2	Institutional Background	3	<b>Challenges Facing The Institution</b>	4	Measures to Improve Fiscal & Operational Situation
5	Pension Reform & Debt Sustainability	6	Financial Reporting & Governance	7	Implementation Progress		

# Challenges Faced by the Institution

## FY'17 Challenges

- 24-months w/o President
- University Strike
- Hurricane Irma & Maria
- 2 years w/o publishing Audited Financial Statements
- Reduction of \$203 million in Government Appropriations

## FY'18 Challenges

- Additional reduction of \$44 million in Government Appropriations

## FY'19 Challenges

- Additional reduction of \$86 million in Government Appropriations

## FY'19 Achievements

- Submittal of Audited Financial Statements
- Accreditation of all Campuses by MSCHE
- Increase in External Funds

## FY'20

- Earthquakes
- COVID-19 Pandemic

## FY'20 Achievements

- Conversion of 95% of all programs to Online Courses
- Submittal of Audited Financials
- Development of Distance Learning
- Digitalization

## FY'21 Challenges

- COVID-19 Pandemic
- Reduction in Federal Funds Revenue

## FY'21 Achievements

- 100% of programs have been converted to Online Courses
- New Budget Model
- Began Tutoring Program with Dept. of Education



# Major Challenges Facing the Institution

## Government Appropriations Reduction

- Central Government Appropriations were reduced by \$333 million, or 40% between FY'17 and FY21
- The Central Government will maintain annual appropriations at ~\$560 million through FY'23 and adjusted for annual inflation thereafter

## Impact of Natural Disasters and Critical Infrastructure

- Recent natural disasters set the course for UPR's infrastructure transformation
- Disaster relief funding from FEMA totals over \$275 million in assigned projects to-date
- Total of 147 projects in different phases currently in pipeline

## University's Response to the COVID-19 Pandemic

- Proactive University response to transform 95% of in-person courses to online format within 10 days of initial lockdown
- \$210 million in COVID-19 Pandemic Relief Federal Funds directed at institutional expenses and direct student grants

## Decline in Student Enrollment

- Trend in Island demographics leading to 5.2% annual decline through FY'23
- UPR continues to grow its market share among the Island's other higher education institutions

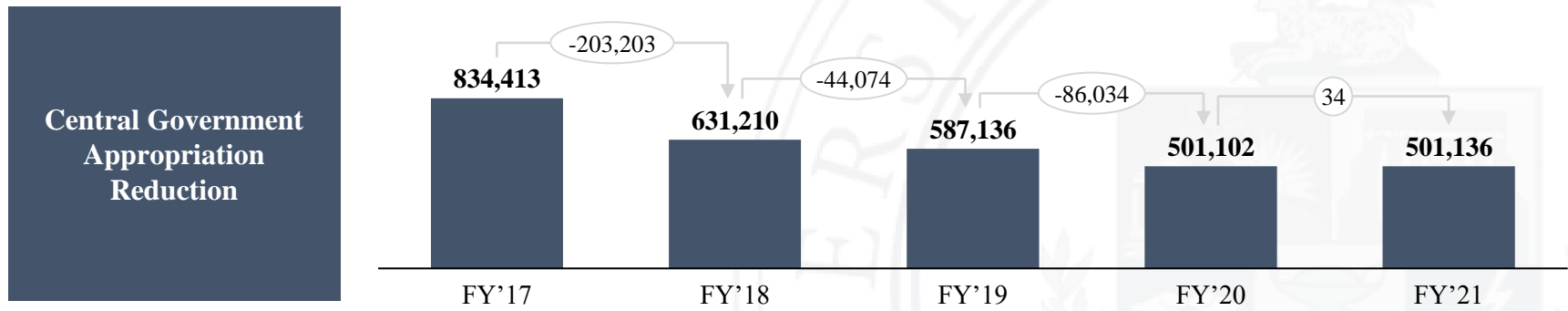
## Solvency of the Retirement System

- Pension System liabilities are currently 57% unfunded
- UPR is complying with \$160 million in actuarially required annual employer contribution

## Declining Institutional Reserve Fund

- Dwindling institutional reserves causing UPR to utilize restricted funds for daily operations (reduction in \$171 million in cash accounts since FY'17)
- \$20 million in annual contributions will replenish this reserve fund

# Government Appropriations Reduction



## State Support Funding Benchmarking

- Analysis published by the Chronicle of Higher Education, based on data on revenue reported by institutions to the U.S. Department of Education's Integrated Postsecondary Education Data System for the fiscal years 2002 to 2018, provides a list of over 1,500 Public Colleges' state support indicators. This report shows that the UPR would be **the 9<sup>th</sup> institution (out of over 1,500) with the largest reduction in state support over a ten-year period.**
- The analysis published shows that the current Government Appropriations and /or State Support (of approximately 42% in FY'21, compared to 70% in FY'17) would place the **UPR under the 50% percentile of the 1,500 institutions** being evaluated.
- Additionally, analysis completed by the Pew Charitable Trust, based on data published by the Federal Office of Management and Budget, shows that for FY'17 State Higher Education spending represented **9.8%** of total General Funds. Compared to the UPR's **5.6%** of total General Fund budget for FY'21.

State Higher Education Funding Benchmarks				
(in billions \$)	Benchmark		PR FY'21 GF	
Elementary and secondary education	283.00	35.7%	2.50	24.8%
Medicaid	156.00	19.7%	0.05	0.5%
<b>Higher Education</b>	<b>78.00</b>	<b>9.8%</b>	<b>0.56</b>	<b>5.6%</b>
Corrections	53.00	6.7%	0.43	4.3%
Public Assistance	9.00	1.1%	1.27	12.7%
Transportation	5.00	0.6%	0.15	1.5%
All Other	209.00	26.4%	5.09	50.6%
<b>Total</b>	<b>\$793.00</b>		<b>\$10.05</b>	

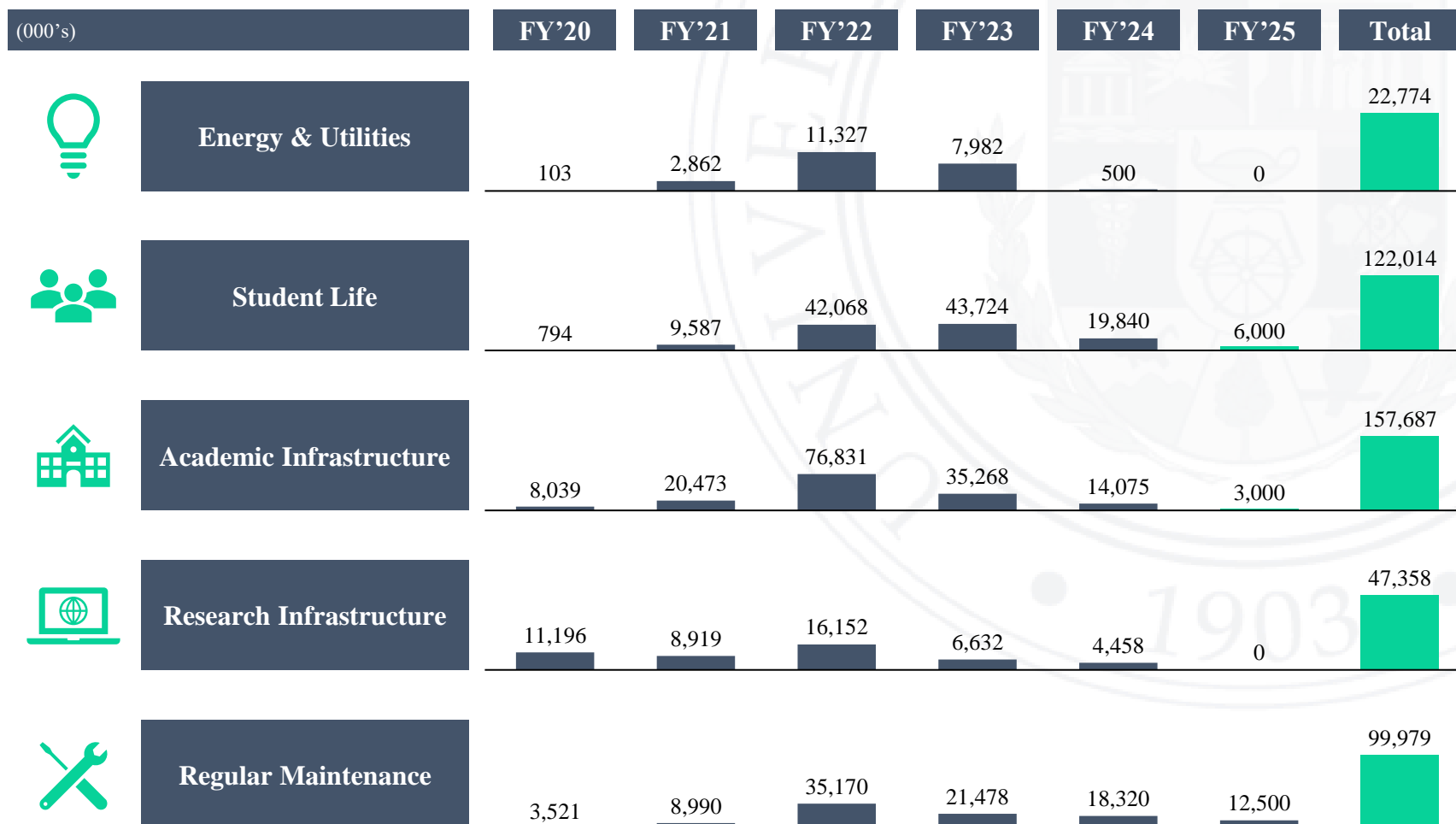
# Critical Infrastructure Funding

*The University will be investing \$450 million through FY'26 for its Infrastructure and Maintenance Program*

(000's)	FY'20	FY'21	FY'22	FY'23	FY'24	FY'25	FY'26	Total
CW Appropriation	0	0	51,619	52,998	26,000	13,000	0	143,617
Institutional Funds	21,575	5,338	54,230	12,438	10,438	4,314	0	108,333
Federal Funds	2,049	16,545	32,203	14,290	2,987	0	0	68,073
Insurance Funds (non-FEMA)	18	2,104	20,573	7,160	648	0	0	30,504
FEMA Funds (Approved)	0	6,337	42,701	28,199	17,121	4,186	0	98,545
Joint Resolution	11	0	728	0	0	0	0	739

# Critical Infrastructure Disbursement

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



# University's Response to the COVID-19 Pandemic

***The Higher Education Emergency Relief Fund (Section 18004(b) of the CARES Act) assigned \$14.3 billion for higher education institutions to prevent, prepare for and respond to the COVID-19 emergency. Based on full-time student enrollment, the University received of \$81.1 million from the Emergency Relief Fund. The UPR will receive a second allocation totaling \$128.5 million corresponding to the CRRSAA Act.***

Higher Education Emergency Relief Fund - UPR Allocations			
Campus	Total Allocation		Minimum Allocation to be Awarded in Financial Aid Grants to Students
Rio Piedras	\$44,782,734		\$8,436,810
Mayagüez	50,709,017		9,829,063
Medical Sciences	2,852,482		595,132
Aguadilla	14,744,082		2,949,891
Arecibo	18,880,446		3,842,368
Bayamón	18,074,614		3,495,835
Carolina	12,162,114		2,245,952
Cayey	14,645,786		2,869,029
Humacao	14,900,711		2,832,118
Ponce	13,678,591		2,657,126
Utuado	4,206,458		800,180
<b>Total</b>	<b>\$209,637,035</b>		<b>\$40,553,504</b>

- The CARES Act required that at least 50% (or \$40.5 million) of the \$81.1 million available for the UPR be restricted towards student grants via the Emergency Financial Aid Grants to Students
- Section 3505, of the CARES Act allows an institution of higher education to continue paying students participating in a work-study program for up to one academic year if the student's employer or university closed as a result of the COVID-19 Pandemic
- The CARES Act also provides certain benefits for teachers who have received TEACH grants and/or who have outstanding teacher loans. Grant recipients unable to fulfill or complete their service obligations due to this emergency, shall either be excused or have their service obligations considered complete.

# Distance Education Efforts

*Due to COVID-19 Pandemic, the UPR decided to cancel all in-person courses and begin a transition to distance learning with online technologies*

- In accordance with this new scenario, each campus submitted a work plan for the transition to technology-assisted methods. A support structure was formed to assist faculty and students' needs.
- The Vice Presidency for Professional Programs and Distance Education (“VPPPDE”) has been providing support and direction to the campuses in coordination with the Distance Learning Advisory Board and the Representative Committee for Distance Education, which has members from each campus.
- The VPPPDE created a web portal with the purpose of joining efforts at a systemic level to support this process, the VPPPDE included:
  - Links of interest
  - Management and user guides
  - Recommendations for best practices
  - Technological tools
  - Resources
  - Instructional content
- These tools are aimed at strengthening the process of adapting courses and online technology-assisted methods
- Due to the COVID-19 Pandemic the University adapted its courses to remote instruction with online technologies. This represents more than **11,500 courses**.
- Campuses have continued to offer remote courses since the Federal Department of Education granted a waiver for compliance with the applicable regulations to provide distance education
- After consulting with MSCHE representatives and the Board of Postsecondary Institutions, Deans of Academic Affairs have been instructed to make the summer academic offering available with courses adapted using distance education methodology and online technologies.

# Decline in Student Enrollment

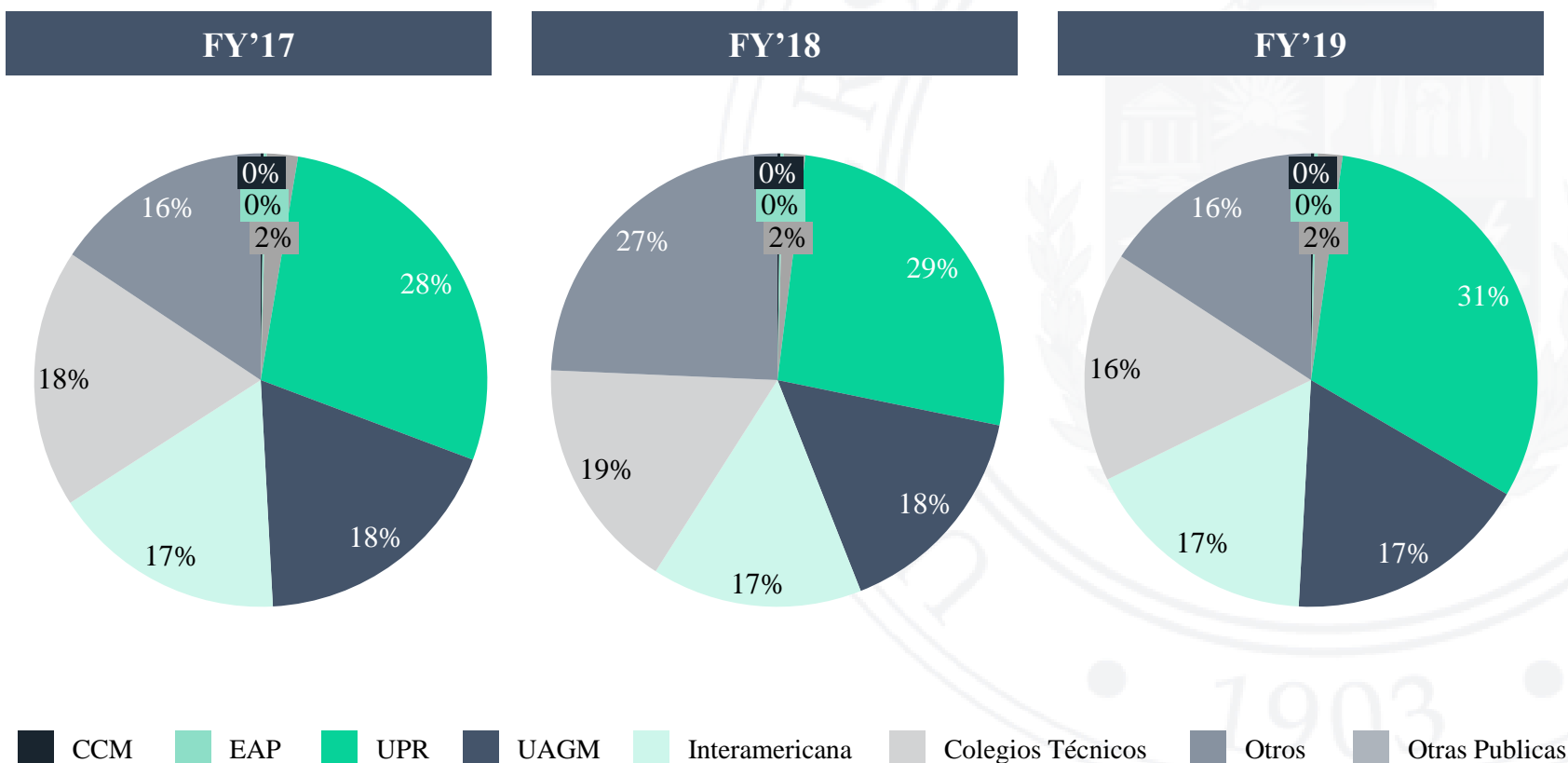
*Student enrollment has remained relatively stable, with an average decrease of -2.26% from FY'13 to FY'21*

	FY'13	FY'14	FY'15	FY'16	FY'17	FY'18	FY'19	FY'20	FY'21
<u>Total Historic Population</u>	57,482	57,772	57,571	59,924	59,262	55,061	55,002	50,786	47,557

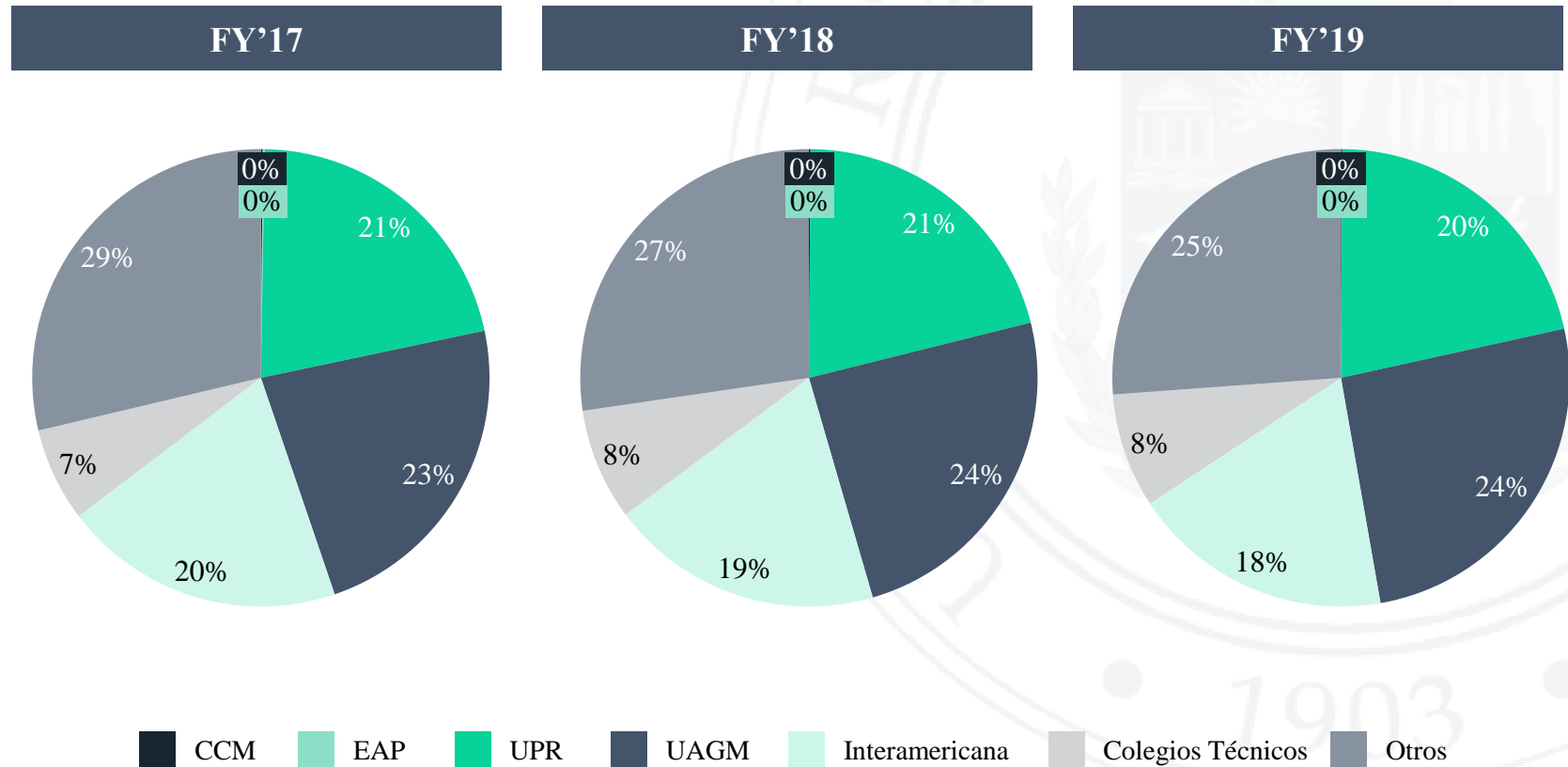
## 1<sup>st</sup> & 2<sup>nd</sup> Semester Comparison (UPR vs. FOMB)

Campus	Projected 1 <sup>st</sup> Semester FY'21	Actual 1 <sup>st</sup> Semester FY'21	Variance	Projected 2 <sup>nd</sup> Semester FY'21	Actual 2 <sup>nd</sup> Semester FY'21	Variance	Projected Average FY'21	Actual Average FY'21	Variance
<b>Rio Piedras</b>	13,705	13,892	<b>187</b>	12,845	12,679	<b>(166)</b>	13,275	13,286	<b>10</b>
<b>Mayaguez</b>	12,469	12,825	<b>356</b>	11,690	11,861	<b>171</b>	12,079	12,343	<b>264</b>
<b>Medical Science</b>	2,513	2,218	<b>(295)</b>	2,423	2,142	<b>(281)</b>	2,468	2,180	<b>(288)</b>
<b>Cayey</b>	2,750	2,773	<b>23</b>	2,566	2,516	<b>(50)</b>	2,658	2,645	<b>(13)</b>
<b>Humacao</b>	3,069	3,106	<b>37</b>	2,831	2,781	<b>(50)</b>	2,950	2,944	<b>(6)</b>
<b>Aguadilla</b>	2,634	2,444	<b>(190)</b>	2,382	2,149	<b>(233)</b>	2,508	2,297	<b>(212)</b>
<b>Arecibo</b>	3,381	3,414	<b>33</b>	3,183	3,095	<b>(88)</b>	3,282	3,255	<b>(28)</b>
<b>Bayamón</b>	3,755	3,592	<b>(163)</b>	3,372	3,205	<b>(167)</b>	3,564	3,399	<b>(165)</b>
<b>Carolina</b>	2,874	2,580	<b>(294)</b>	2,622	2,303	<b>(319)</b>	2,748	2,442	<b>(307)</b>
<b>Ponce</b>	2,422	2,382	<b>(40)</b>	2,207	2,134	<b>(73)</b>	2,315	2,258	<b>(57)</b>
<b>Utuado</b>	644	554	<b>(90)</b>	532	468	<b>(64)</b>	588	511	<b>(77)</b>
<b>Total</b>	<b>50,215</b>	<b>49,780</b>	<b>(435)</b>	<b>46,654</b>	<b>45,333</b>	<b>(1,321)</b>	<b>48,435</b>	<b>47,557</b>	<b>(878)</b>

## Higher Education – Undergraduate Market Share

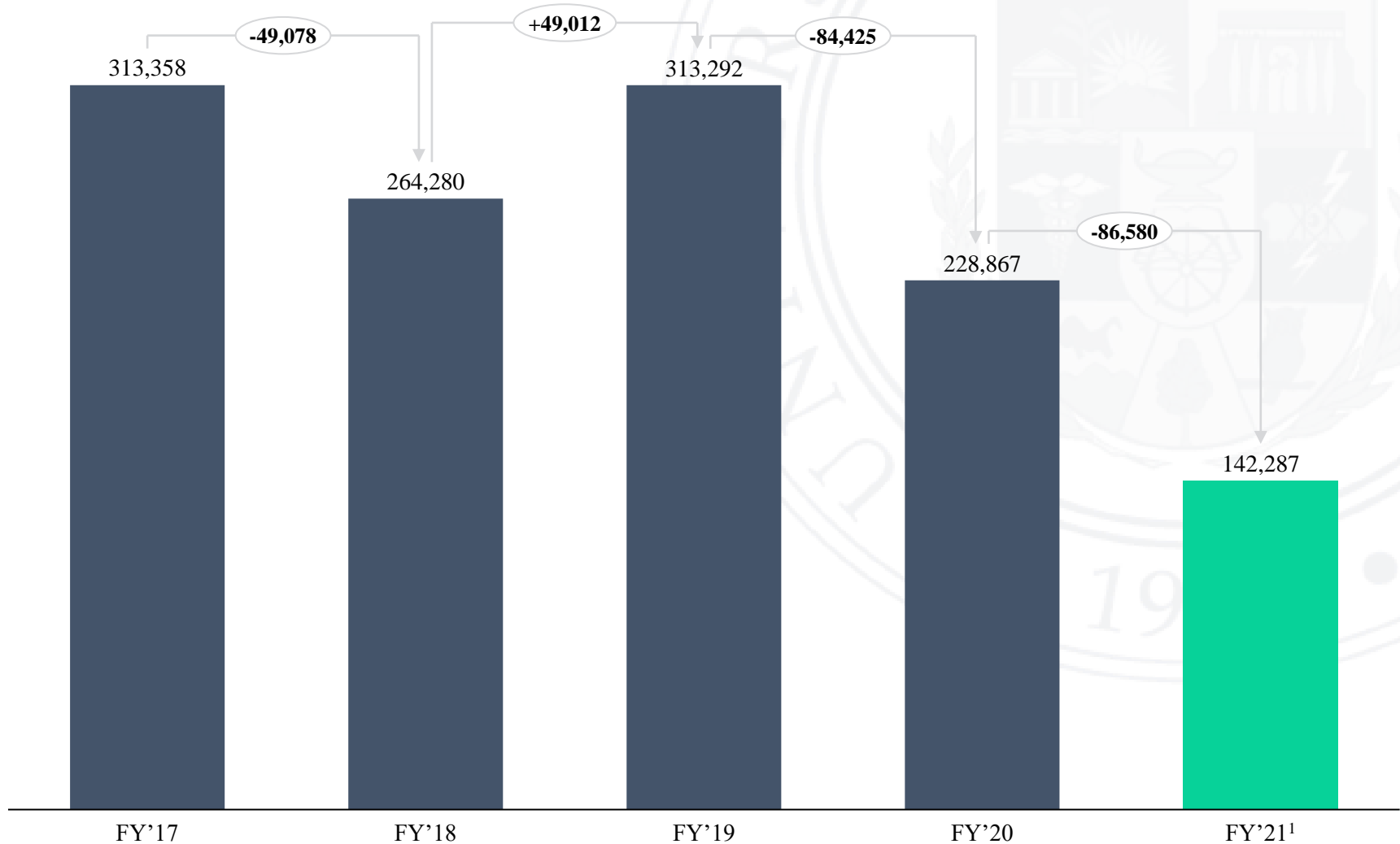


## Higher Education – Graduate Market Share



## Declining Institutional Reserve Fund

*Since FY'17, the University's cash balance accounts have been reduced by \$171 million*



<sup>1</sup>: As of February 2021

# Table of Contents

---

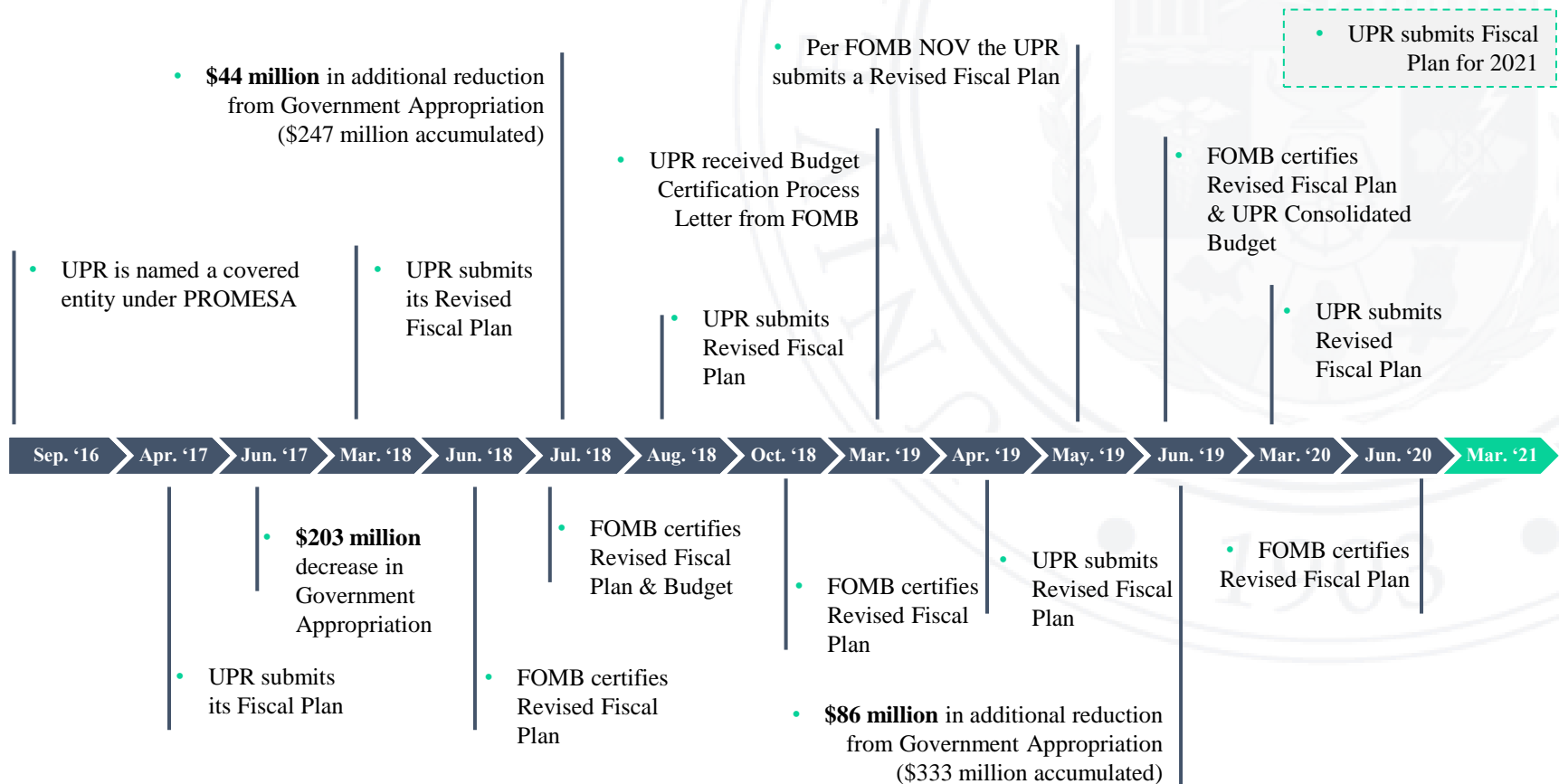
The diagram shows a table of contents with seven items arranged in two rows. The first row contains items 1 through 4, and the second row contains items 5 through 7. Item 4, 'Measures to Improve Fiscal Situation', is highlighted in dark blue, while the others are light gray. Each item has a small teal square with its number in the top left corner.

1	Executive Summary	2	Institutional Background	3	Challenges Facing The Institution	4	<b>Measures to Improve Fiscal Situation</b>
5	Pension Reform & Debt Sustainability	6	Financial Reporting & Governance	7	Implementation Progress		

# Historical Fiscal Plan Progress

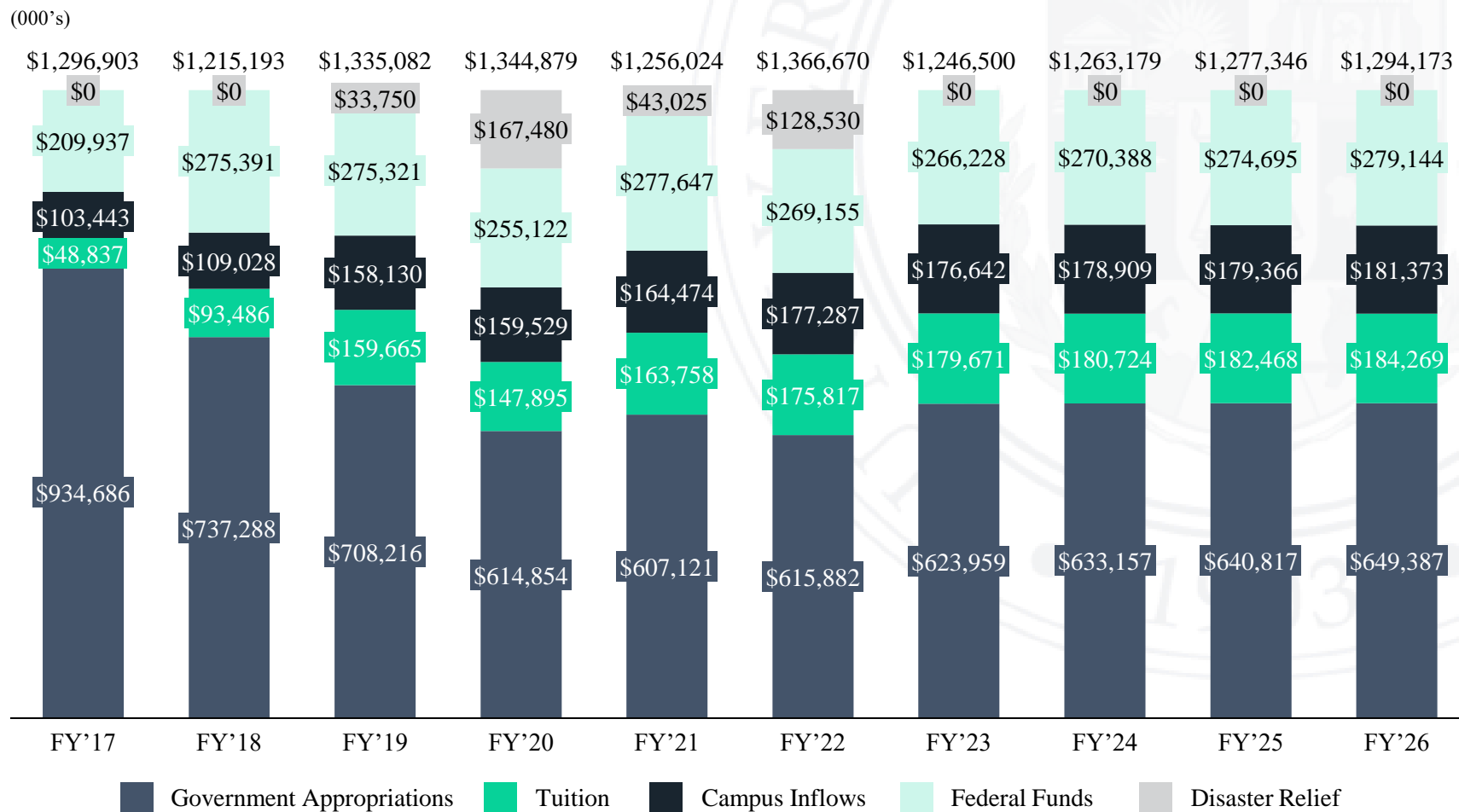
*Since its first submission, the UPR Fiscal Plan has provided financial stability and operational efficiencies while achieving positive transformational changes*

- The University is executing measures that will have a total impact of \$2.7 billion from FY'19 to FY'26. By the end of FY'21 it expects to complete 75% for the 8-year fiscal period

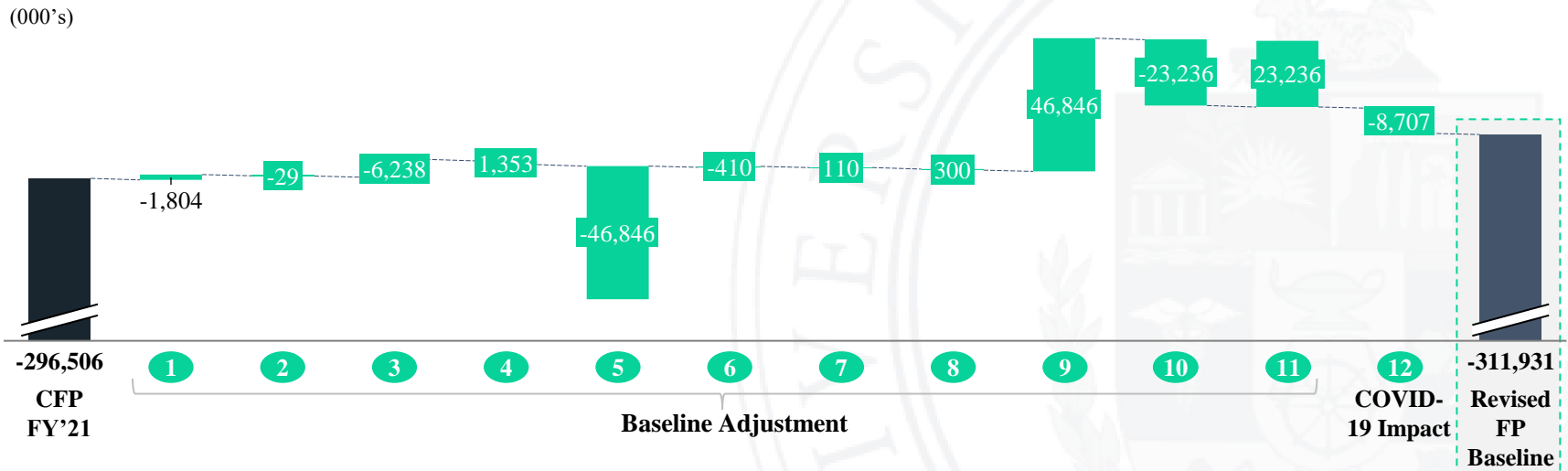


# Ensuring a Sustainable Future

*The University's Government Support Funds have been reduced by over \$320 million through FY'21. This has provided less dependency on the Central Government from 72% in FY'17 to 48% in FY'21 while maintaining total receipts relatively constant.*



# Bridge to UPR Fiscal Plan for 2021 Baseline



## Summary of Modifications for the Revised Fiscal Plan Baseline

1	Decrease in PR Slot Machine Receipts (Ley 36)	(\$1,804)
2	Decrease in tuition due to reduced student enrollment & revised analysis of exemptions (Undergraduate & Graduate)	(29)
3	Decrease in Campus-generated inflows consolidation with Other Campus-generated inflows (includes Dues & Fees, Law 44 & Plaza Universitaria Inflows)	(6,238)
4	Reclassification of Law 44 into a single line item	1,353
5	Reclassification of Pell Grant Receipt (Tuition Income Eliminated)	(46,846)
6	Consolidation of Other Compensations, Other Marginal Benefits, & Other Subsidies to Employee	(410)
7	Consolidation in Other Marginal Benefits to Employees with Other Compensations	110
8	Consolidation in Other Subsidies to Employees with Other Compensations	300
9	Reclassification of Pell Grant Receipt (Tuition Expense Eliminated)	46,846
10	Consolidation of Other Operating Expense Other Operating Payments	(23,236)
11	Consolidation of Other Operating Payments with Operating Expense	23,236
12	Decrease in Campus Generated Inflows	(8,707)
<b>Total Modifications</b>		<b>(\$15,425)</b>

# UPR Fiscal Plan for 2021 Baseline Comparison

*The UPR Fiscal Plan baseline has a total variance of \$15.4 million in comparison to the Certified Fiscal Plan (“CFP”) Baseline. This is a result of a reduction of enrollments, and reclassification of baseline line items*

(000's)	FY'21 CFP	FY'21 with Adjustments	Variance
Total Central Government Appropriations	\$539,909	\$539,909	\$–
Total Operating Receipts	289,522	274,097	(15,425)
Total Intra-Government Receipts	277,647	230,784	(46,863)
Total Disaster Relief Receipts	–	–	–
<b>Total Receipts</b>	<b>1,107,078</b>	<b>1,044,790</b>	<b>(62,288)</b>
<u>Operating Disbursements:</u>			
Total Operating Disbursements	(1,152,636)	(1,105,773)	46,863
Total Disaster-related Disbursements	–	–	–
Pensions Payment	(208,500)	(208,500)	–
Capital Expenditures	(30,895)	(30,895)	–
Equipment	(11,553)	(11,553)	–
<b>Total Disbursements</b>	<b>(1,403,584)</b>	<b>(1,356,721)</b>	<b>46,863</b>
<b>Net Cash Flow (before Debt Service Payment)</b>	<b>(\$296,506)</b>	<b>(\$311,931)</b>	<b>(15,425)</b>
Debt Service Payment	(48,252)	(48,252)	–
<b>Net Cash Flow</b>	<b>(\$344,758)</b>	<b>(\$360,183)</b>	<b>(\$15,425)</b>

# UPR Fiscal Plan for 2021 Baseline

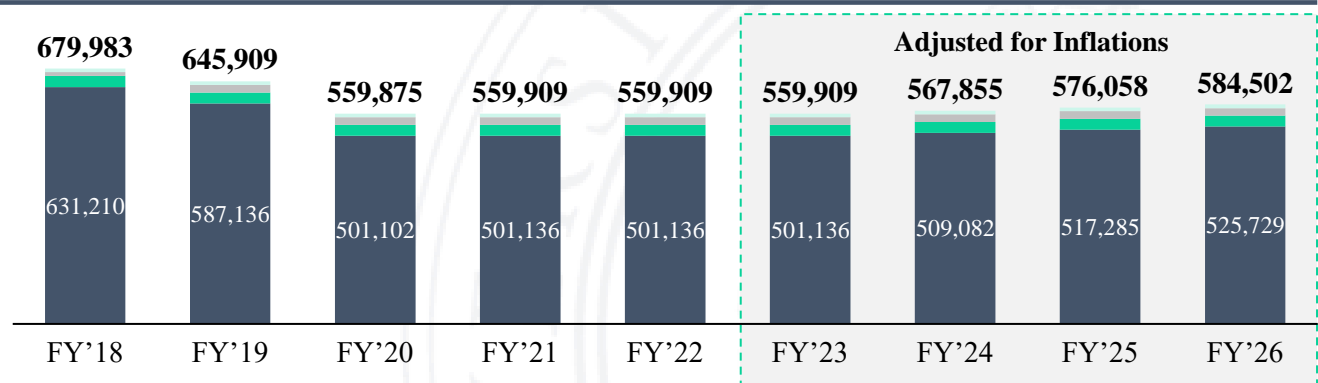
(000's)	CFP FY'21	FY'21	FY'22	FY'23	FY'24	FY'25	FY'26
Total Central Government Appropriations	\$539,909	\$539,909	\$591,528	\$592,907	\$573,855	\$569,058	\$564,502
Total Operating Receipts	289,522	274,097	291,851	296,056	298,838	298,000	299,424
Total Intra-Government Receipts	277,647	230,784	224,720	224,095	228,849	233,701	238,689
Total Disaster Relief Receipts	—	—	128,530	—	—	—	—
<b>Total Receipts</b>	<b>1,107,078</b>	<b>1,044,790</b>	<b>1,236,629</b>	<b>1,113,057</b>	<b>1,101,542</b>	<b>1,100,759</b>	<b>1,102,615</b>
<u>Operating Disbursements:</u>							
Total Operating Disbursements	(1,152,636)	(1,105,773)	(1,104,429)	(1,103,804)	(1,119,377)	(1,135,181)	(1,151,401)
Total Disaster-related Disbursements	—	—	(128,530)	—	—	—	—
Pensions Payment	(208,500)	(208,500)	(205,200)	(202,600)	(200,500)	(198,700)	(198,700)
Capital Expenditures	(30,895)	(30,895)	(30,895)	(30,895)	(31,343)	(31,797)	(32,264)
Equipment	(11,553)	(11,553)	(11,553)	(11,553)	(11,720)	(11,890)	(12,065)
CW Capital Expenditures Passthrough	—	—	(51,619)	(52,998)	(26,000)	(13,000)	—
<b>Total Disbursements</b>	<b>(1,403,584)</b>	<b>(1,356,721)</b>	<b>(1,532,226)</b>	<b>(1,401,849)</b>	<b>(1,388,940)</b>	<b>(1,390,568)</b>	<b>(1,394,429)</b>
<b>Net Cash Flow (before Debt Service Payment)</b>	<b>(\$296,506)</b>	<b>(\$311,931)</b>	<b>(\$295,597)</b>	<b>(\$288,792)</b>	<b>(\$287,398)</b>	<b>(\$289,810)</b>	<b>(\$291,814)</b>
Debt Service Payment	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)
<b>Net Cash Flow</b>	<b>(\$344,758)</b>	<b>(\$360,183)</b>	<b>(\$343,849)</b>	<b>(\$337,044)</b>	<b>(\$335,650)</b>	<b>(\$338,062)</b>	<b>(\$340,066)</b>

# FY'21 Expected Performance compared to the Fiscal Plan

(000's)	CFP FY'21	FY'21	Variance
Total Central Government Appropriations	\$559,875	\$559,875	\$—
Total Operating Receipts	388,467	375,443	(13,024)
Total Intra-Government Receipts	185,699	158,805	(26,894)
Total Disaster Relief Receipts	—	43,025	43,025
<b>Total Receipts</b>	<b>1,134,041</b>	<b>1,137,148</b>	<b>3,107</b>
<u>Operating Disbursements:</u>			
Total Operating Disbursements	(919,559)	(946,296)	(26,737)
Total Disaster-related Disbursements	—	(43,025)	(43,025)
Pensions Payment	(121,400)	(159,700)	(38,300)
Capital Expenditures	(30,895)	(5,338)	25,557
Equipment	(11,553)	(11,553)	—
CW Capital Expenditures Passthrough	—	—	—
<b>Total Disbursements</b>	<b>(1,083,407)</b>	<b>(1,165,912)</b>	<b>(82,505)</b>
<b>Net Cash Flow (before Debt Service Payment)</b>	<b>\$50,634</b>	<b>(\$28,764)</b>	<b>(79,398)</b>
Debt Service Payment	(48,252)	(52,231)	(3,979)
<b>Net Cash Flow</b>	<b>\$2,382</b>	<b>(\$81,085)</b>	<b>(\$83,467)</b>

# Government Support Funds

## Central Government Appropriations



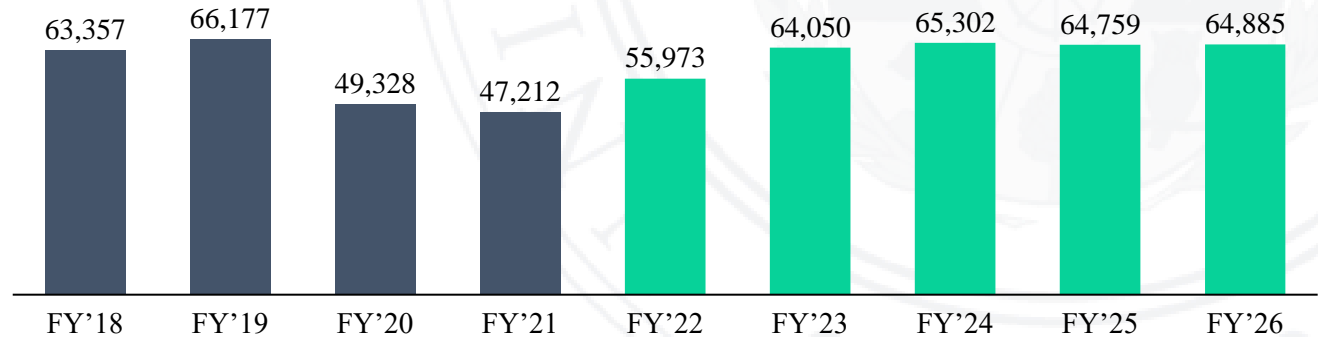
Government Appropriations

Joint Resolution - \$29,273

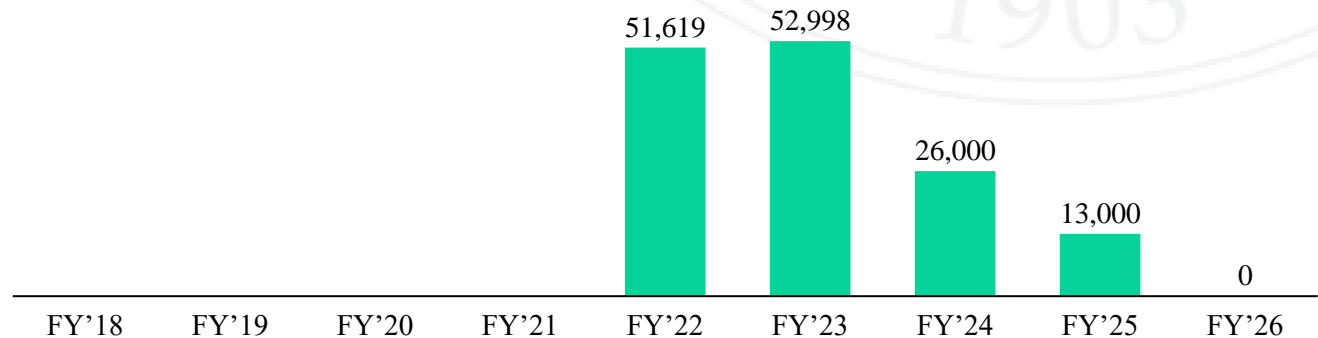
Training & Seminars - \$20,000

Legislative Scholarship - \$9,500

## Slot Machine Revenue








## Capital Expenditures



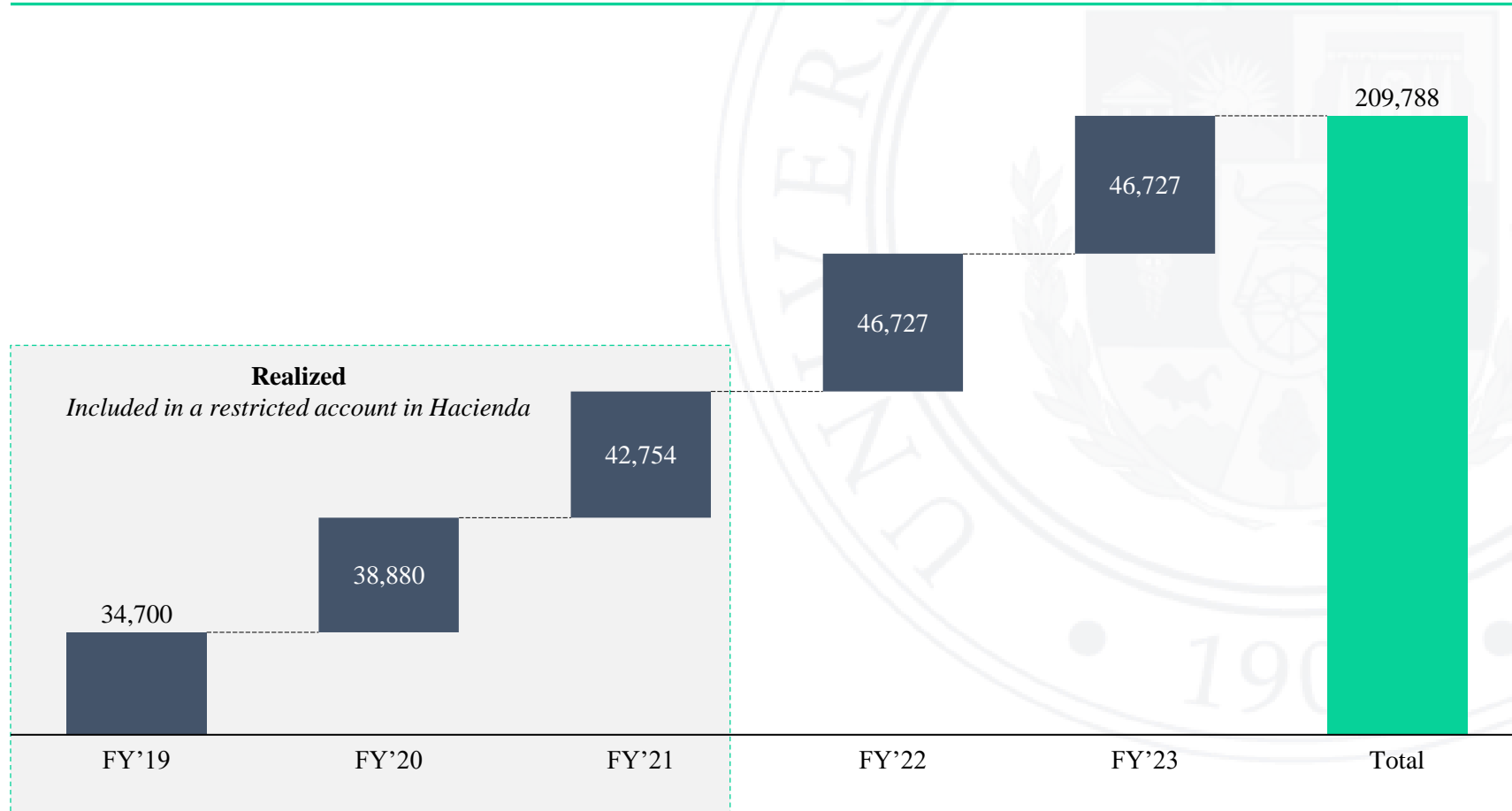
# Government Support Funds

*New Government Appropriation Fiscal Resiliency Funds seek to cure specific structural issues of the UPR*

(000's)	Initiatives		FY'22	FY'23	FY'24	FY'25	FY'26
	<b>Additional Pension Contribution</b>	\$160 million in total contribution. No benefit reduction.	\$37,395	\$38,716	\$38,980	\$39,121	\$39,354
	<b>Replenish Operational Reserves</b>	\$100 million minimum cash balance or 60-day minimum cash on hand	22,605	20,000	20,000	20,000	20,000
	<b>Federal Fund Cost Share</b>	FEMA Projects approval of approximately \$200 million require a 10% cost share	20,000	-	-	-	-
	<b>COVID Impact – Campus Generated Inflows</b>	Campus Generated Inflows COVID-19 Impact	10,000	-	-	-	-
	<b>Revamped Employee Classification Plan</b>	New Classification and Remuneration Plan Expected Cost	4,000	34,000	34,493	34,493	34,499
<b>Total Investment</b>			<b>\$94,000</b>	<b>\$92,716</b>	<b>\$93,473</b>	<b>\$93,613</b>	<b>\$93,852</b>

# Commonwealth Scholarship Fund

*The UPR will receive an accumulated \$209.8 million from FY'19-FY'23 from the Central Government Joint Resolutions. For FY'19-FY'21 the funds have been restricted and accumulated to \$116.3 million.*



# UPR Fiscal Plan Summary of Measures

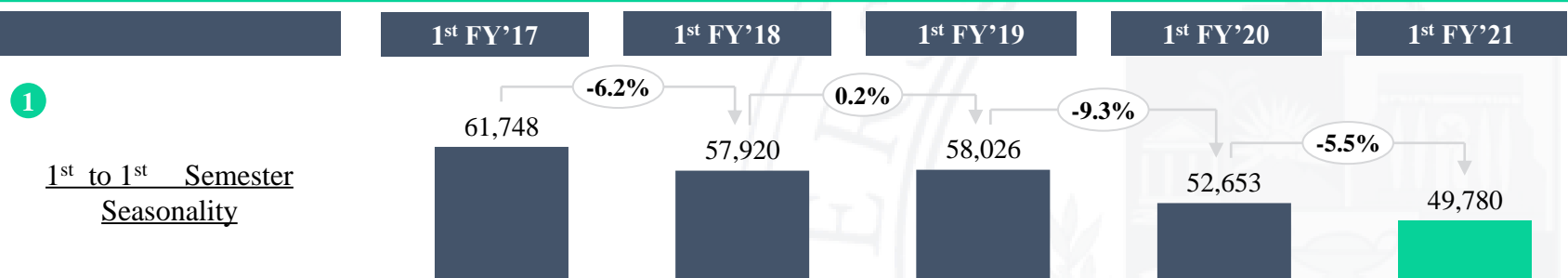
(000's)	Measures	CFP FY'21	FY'21	FY'22	FY'23	FY'24	FY'25	FY'26
<b>Revenue Enhancements</b>								
	Increase in Tuition - Undergraduate (net of scholarship fund)	\$54,813	\$55,706	\$71,814	\$77,379	\$79,187	\$81,105	\$83,057
	Reduction in tuition exemptions (considered revenue measure)	18,789	14,453	16,666	17,110	17,277	17,467	17,662
	Increase in Tuition - Graduate (including maintenance & technology fees)	15,961	14,617	12,447	14,173	14,251	14,807	15,368
	Dues and Fees	7,881	10,876	11,470	10,876	10,878	10,891	10,905
	Federal Grants and Contracts	10,000	(4,432)	15,000	20,000	20,000	20,000	20,000
	Trainings, Seminar, & Technical Services - Central Government	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Trainings, Seminar, Tutoring & Technical Services - Dept. of Education	10,000	10,000	10,000	10,000	10,000	10,000	10,000
	Plaza Universitaria Income	-	-	2,000	2,000	2,000	2,000	2,000
	PR Science & Technology Trust patent	1,500	-	-	-	-	-	-
	<b>Total Revenue Enhancement Measures</b>	<b>128,945</b>	<b>110,581</b>	<b>149,397</b>	<b>161,537</b>	<b>163,593</b>	<b>166,269</b>	<b>168,992</b>
<b>Expense Controls</b>								
	HR Optimization: Attrition	100,882	87,837	110,425	115,502	113,710	111,735	109,573
	HR Optimization: Adjustment in Marginal Benefits	23,405	8,044	23,003	23,552	25,133	26,755	28,419
	Centralized Procurement & Contract Re-negotiation	19,858	19,925	19,910	19,963	20,015	20,068	20,068
	Pension Reform	87,100	48,800	83,600	82,400	80,500	78,800	78,800
	<b>Total Expense Controls</b>	<b>231,245</b>	<b>164,606</b>	<b>236,938</b>	<b>241,417</b>	<b>239,358</b>	<b>237,358</b>	<b>236,860</b>
<b>Transformational Enhancements</b>								
	Transformation Plan Implementation Expense	(5,016)	(5,016)	(5,016)	(3,346)	-	-	-
	Implementation expense for Training, Seminars Tutoring	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
	<b>Total Transformational Enhancements</b>	<b>(13,016)</b>	<b>(13,016)</b>	<b>(13,016)</b>	<b>(11,346)</b>	<b>(8,000)</b>	<b>(8,000)</b>	<b>(8,000)</b>
<b>Total Measures Impact</b>		<b>\$347,174</b>	<b>\$262,171</b>	<b>\$373,319</b>	<b>\$391,609</b>	<b>\$394,950</b>	<b>\$395,627</b>	<b>\$397,852</b>

# UPR Fiscal Plan Summary of Measures Variance

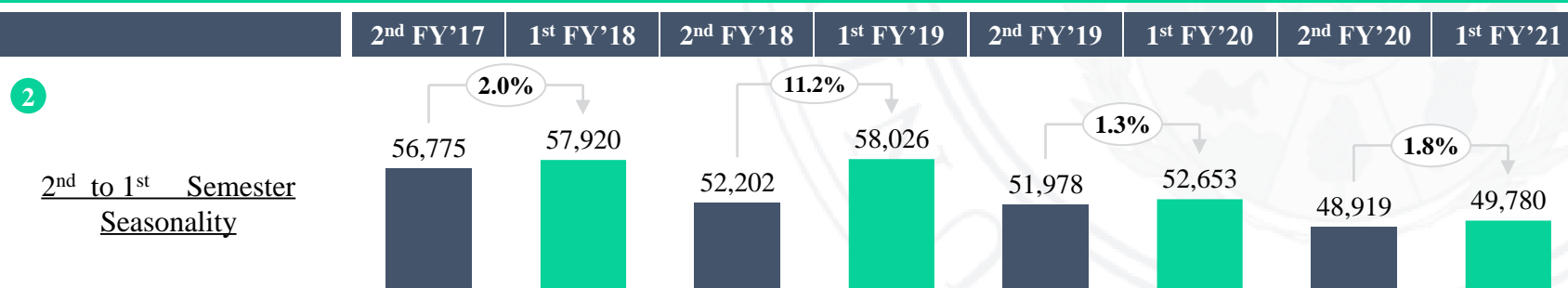
(000's)	Measures	FY'21	FY'22	FY'23	FY'24	FY'25
<b>Revenue Enhancements</b>		<b>Variance to CFP</b>				
	Increase in Tuition - Undergraduate (net of scholarship fund increase)	893	3,154	2,968	2,253	1,550
	Reduction in tuition exemptions (considered revenue measure)	(4,337)	(10,369)	(10,386)	(10,516)	(10,658)
	Increase in Tuition - Graduate (including maintenance & technology fees)	(1,344)	(5,454)	(3,602)	(4,383)	(4,711)
	Dues and Fees	(528)	(556)	(594)	(430)	(511)
	Federal Grants and Contracts	(14,432)	-	-	-	-
	Trainings, Seminar, & Technical Services - Central Government	-	-	-	-	-
	Trainings, Seminar, Tutoring & Technical Services - Dept. of Education	-	-	-	-	-
	Plaza Universitaria Income	-	2,000	2,000	2,000	2,000
	PR Science & Technology Trust patent	(1,500)	(2,000)	(2,000)	(2,000)	(2,000)
	<b>Total Revenue Enhancement Measures</b>	<b>(21,249)</b>	<b>(13,226)</b>	<b>(11,614)</b>	<b>(13,076)</b>	<b>(14,330)</b>
<b>Expense Controls</b>						
	HR Optimization: Attrition	(13,045)	2,820	3,061	(3,120)	(9,164)
	HR Optimization: Adjustment in Marginal Benefits	(15,360)	(102)	695	2,506	4,280
	Centralized Procurement & Contract Re-negotiation	66	-	-	-	-
	Pension Reform	(38,300)	-	-	-	-
	<b>Total Expense Controls</b>	<b>(66,639)</b>	<b>2,718</b>	<b>3,756</b>	<b>(614)</b>	<b>(4,884)</b>
<b>Transformational Enhancements</b>						
	Transformation Plan Implementation Expense	-	-	-	-	-
	Implementation expense for Training, Seminars Tutoring	-	-	-	-	-
	<b>Total Transformational Enhancements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Measures Impact</b>		<b>(\$87,888)</b>	<b>(\$10,508)</b>	<b>(\$7,858)</b>	<b>(\$13,691)</b>	<b>(\$19,213)</b>

# Current Student Population

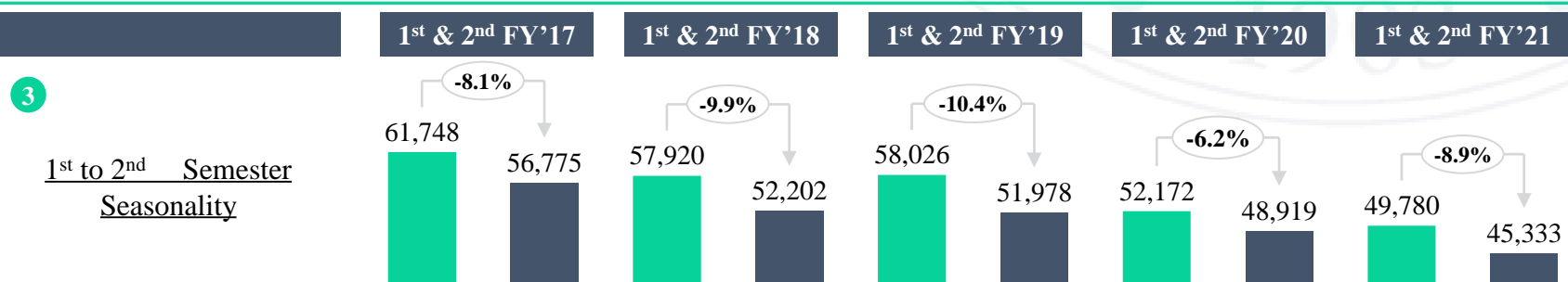
*There is an average natural seasonality from Year to Year first semester -5.18%*



*There is an average natural seasonality from Year to Year first semester +4.06%*



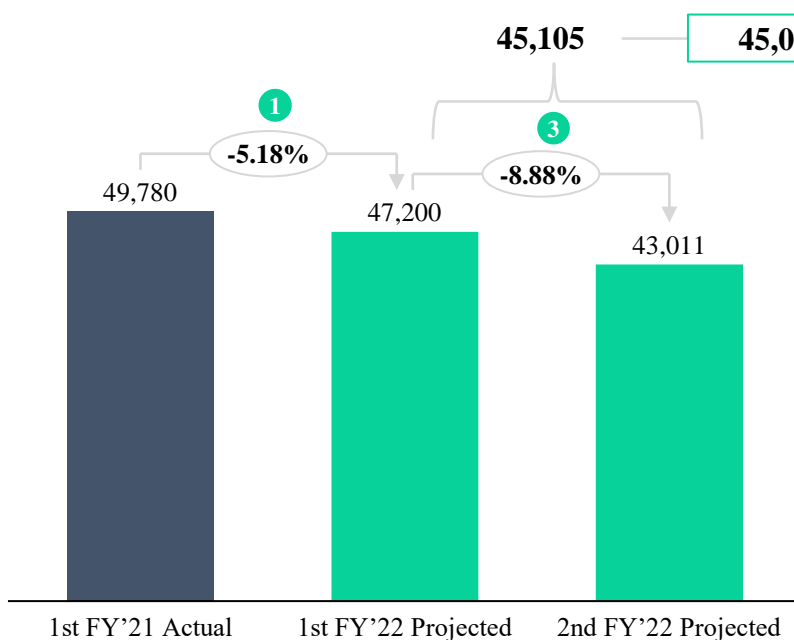
*There is an average natural seasonality from the first to the second semester of -8.88%*



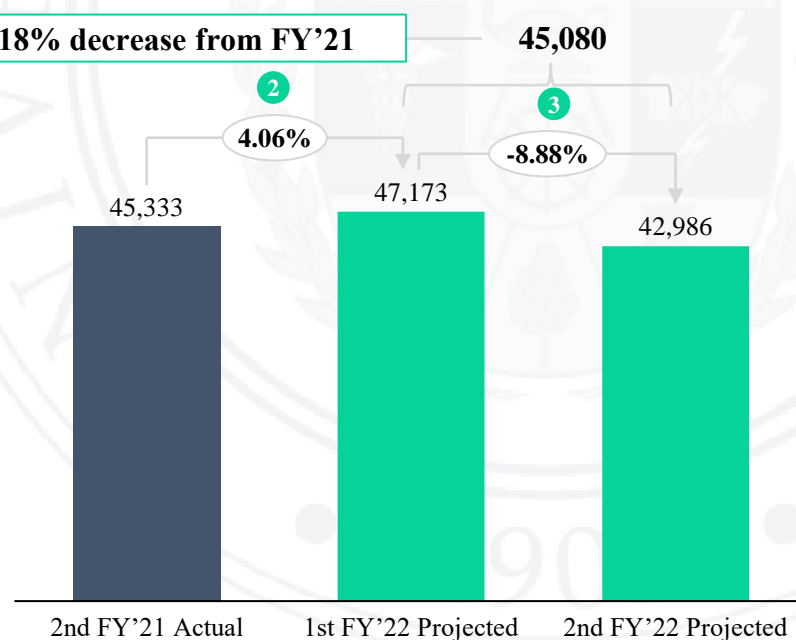
# Projected Student Population

*For FY'22 the UPR projects 45,092 total students. This number was achieved by taking the average number of students based on historical year-to-year number and seasonality analysis from 1<sup>st</sup> to 2<sup>nd</sup> semester.*

## First Semester Analysis



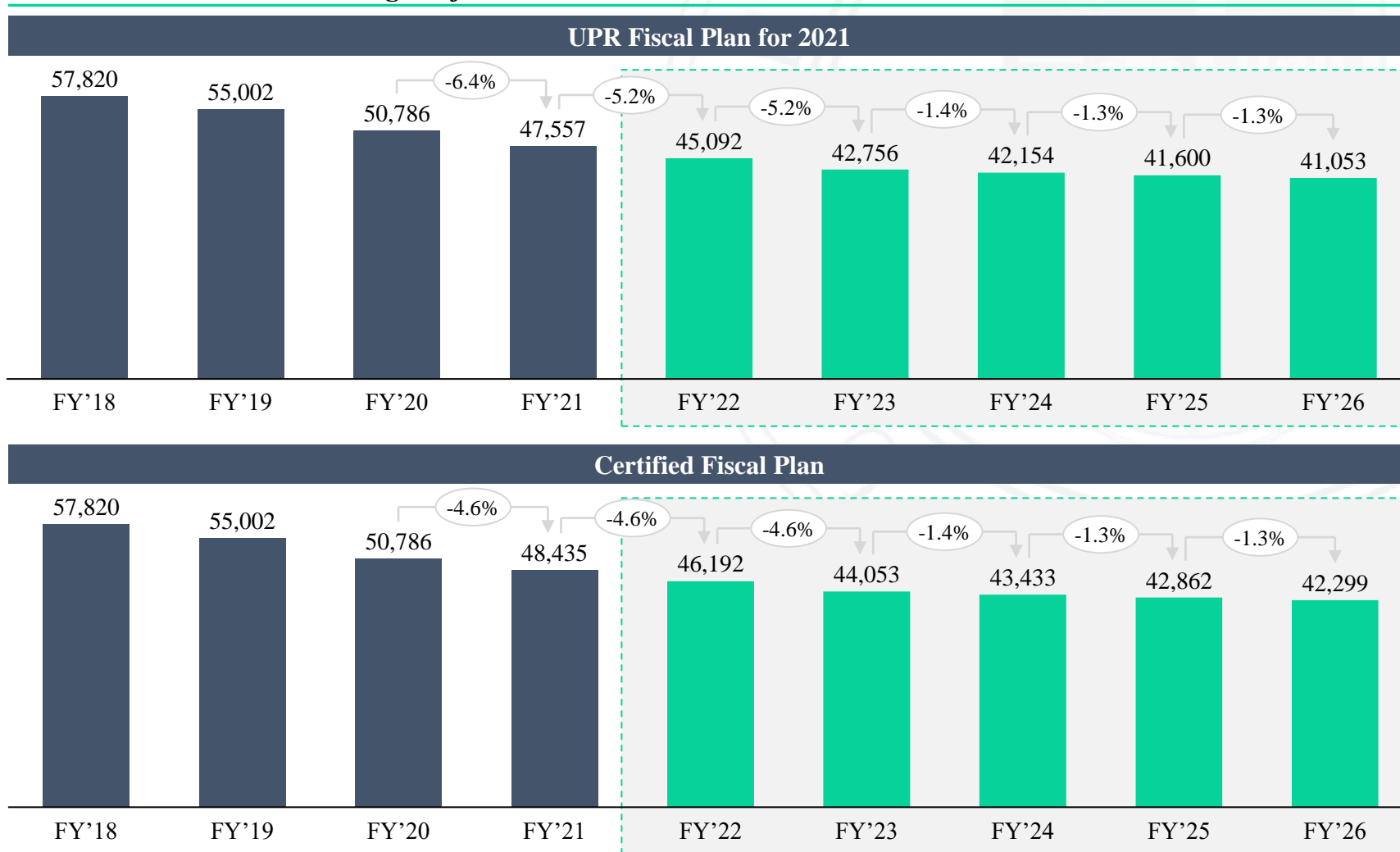
## Second Semester Analysis



① 1<sup>st</sup> to 1<sup>st</sup> Semester
② 2<sup>nd</sup> to 1<sup>st</sup> Semester
③ 1<sup>st</sup> to 2<sup>nd</sup> Semester

## Projected Student Enrollment Comparison

*The UPR assumes an annual average decrease of 5.18% student enrollment for FY'22 & FY'23 versus the FOMB which assumes a 4.6% decrease for student enrollment for FY'22 & FY'23. The UPR & FOMB are aligned for FY'24 – FY'26 student enrollment decrease.*

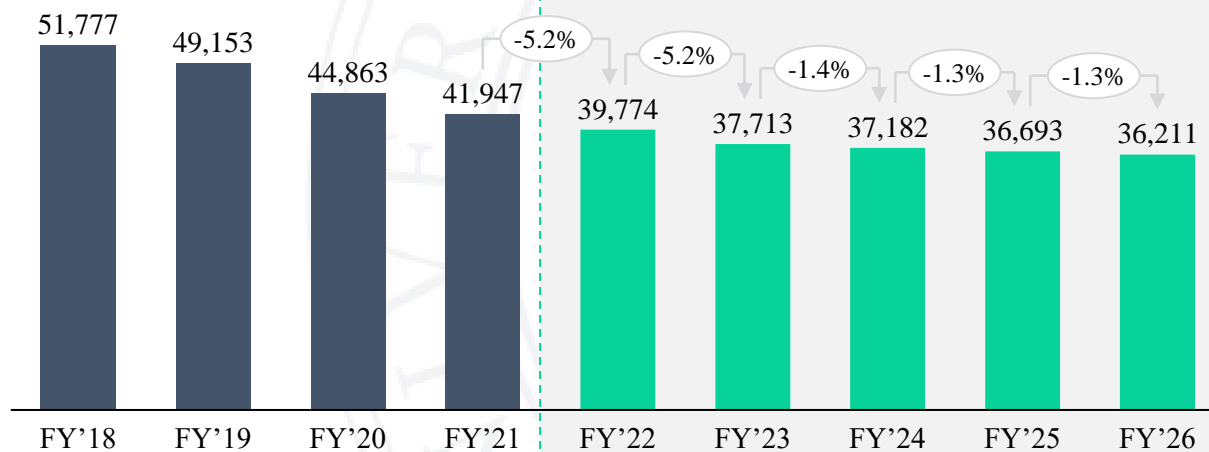


**Note:** UPR FY'21 Actuals for Student Enrollment

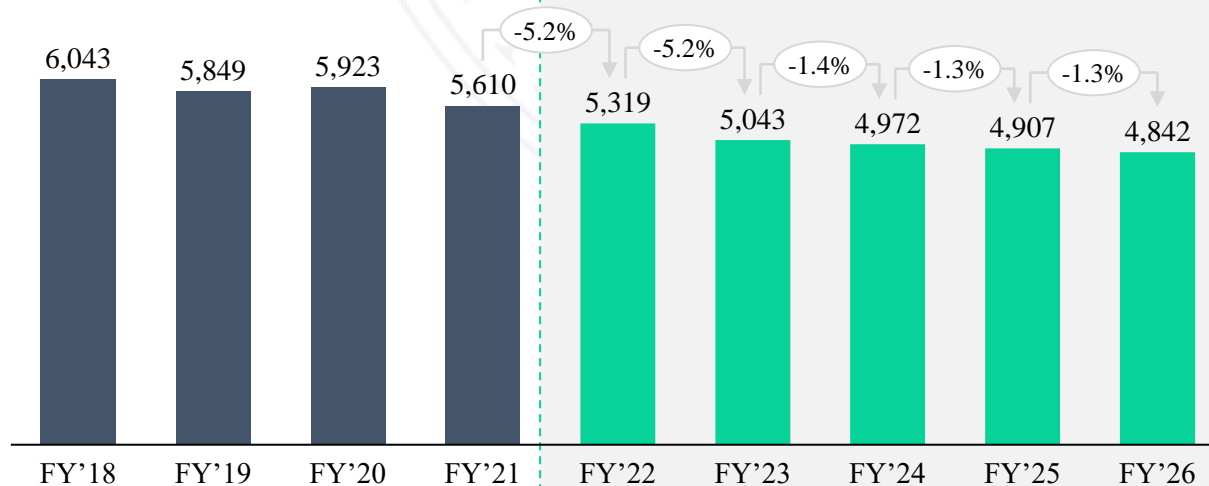
# Projected Student Enrollment

*The UPR assumes an annual average decrease of 5.18% for student enrollment for FY'22 & FY'23 and a decrease for FY'24 – FY'26 that reflects Puerto Rico's expected population decline*

## Undergraduate Enrollment



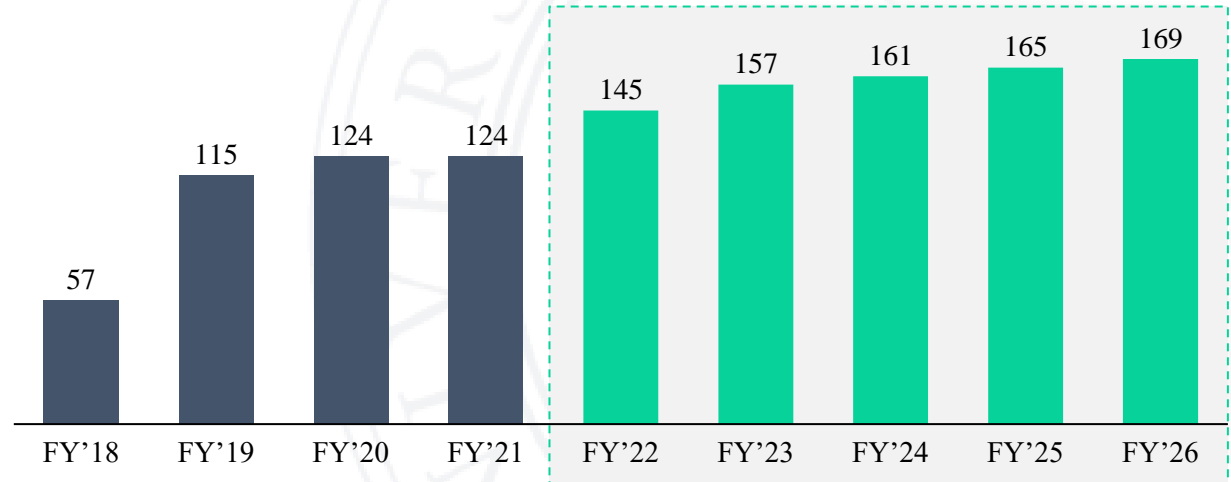
## Graduate Enrollment



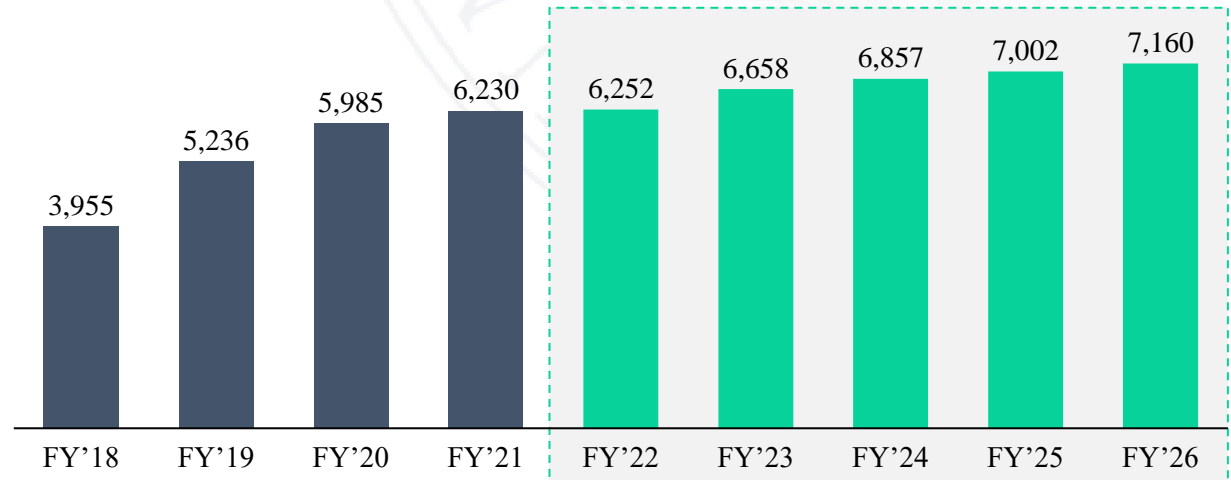
# Projected Tuition Costs

*UPR has aligned its tuition costs to the Certified Fiscal Plan requirements*

## Undergraduate Tuition (per Credit)



## Graduate Tuition (Average)



# Financial Assistance Offerings for FY'21

*For FY'21 the University's Need Based Financial Assistance Model is expected to provide \$27.9 million in Student Aid Support*

Source	FY'20	FY'21	Variance
Exemptions (Veterans, Student Representatives, Graduate Assistantships)	\$8,025,126	\$5,493,039	(\$2,532,087)
UPR Internal Scholarship Fund	\$9,125,977	\$8,947,156	(\$178,821)
Legislative Fund	\$9,500,000	\$9,500,000	\$-
Law 44 Scholarship Fund	\$1,353,000	\$1,846,000	\$493,000
UPR Endowment Funds	\$2,100,000	\$2,100,000	\$-
<b>Total</b>	<b>\$30,104,103</b>	<b>\$27,886,195</b>	<b>(\$2,217,908)</b>

## Cost of Dues & Fees Schedule

Concept	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24	FY'25	FY'26
Maintenance Fee	\$47.00	\$47.00	\$47.00	\$75.00	\$75.00	\$100.00	\$100.00	\$101.45	102.92	104.43
Technology Maintenance Fee	25.00	25.00	25.00	25.00	25.00	50.00	50.00	50.72	51.46	52.21
Laboratory Rights	33.00	33.00	100.00	100.00	100.00	100.00	100.00	101.45	102.92	104.43
Graduation Rights	27.00	27.00	80.00	80.00	80.00	80.00	80.00	81.16	82.34	83.54
Other Maintenance Rights	67.00	67.00	67.00	67.00	67.00	67.00	67.00	67.97	68.96	69.97
Admission Application	20.00	20.00	30.00	30.00	30.00	30.00	30.00	30.43	30.88	31.33
Re-Admission	33.00	33.00	35.00	35.00	35.00	35.00	35.00	35.51	36.02	36.55
Transfer to other Institutions	33.00	33.00	50.00	50.00	50.00	50.00	50.00	50.72	51.46	52.21
Transfer with the UPR System	20.00	20.00	25.00	25.00	25.00	25.00	25.00	25.36	25.73	26.11
Transcripts & Certificates	1.35	1.35	5.00	5.00	5.00	5.00	5.00	5.07	5.15	5.22
Document Duplicates	1.35	1.35	5.00	5.00	5.00	5.00	5.00	5.07	5.15	5.22
Change in Faculty	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.29	20.58	20.89
ID Card	5.00	5.00	10.00	10.00	10.00	10.00	10.00	10.14	10.29	10.44
Fees for late tuition	13.00	13.00	20.00	20.00	20.00	20.00	20.00	20.29	20.58	20.89
Summer Maintenance Fee	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.72	51.46	52.21
Fees for partial drop in courses	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.14	10.29	10.44
Fees for full drop in courses	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.22	15.44	15.66
Repetition of courses	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.29	20.58	20.89
<b>Total</b>	<b>440.7</b>	<b>440.7</b>	<b>614.00</b>	<b>642.00</b>	<b>642.00</b>	<b>692.00</b>	<b>692.00</b>	<b>702.03</b>	<b>712.21</b>	<b>722.65</b>

# Federal Funds

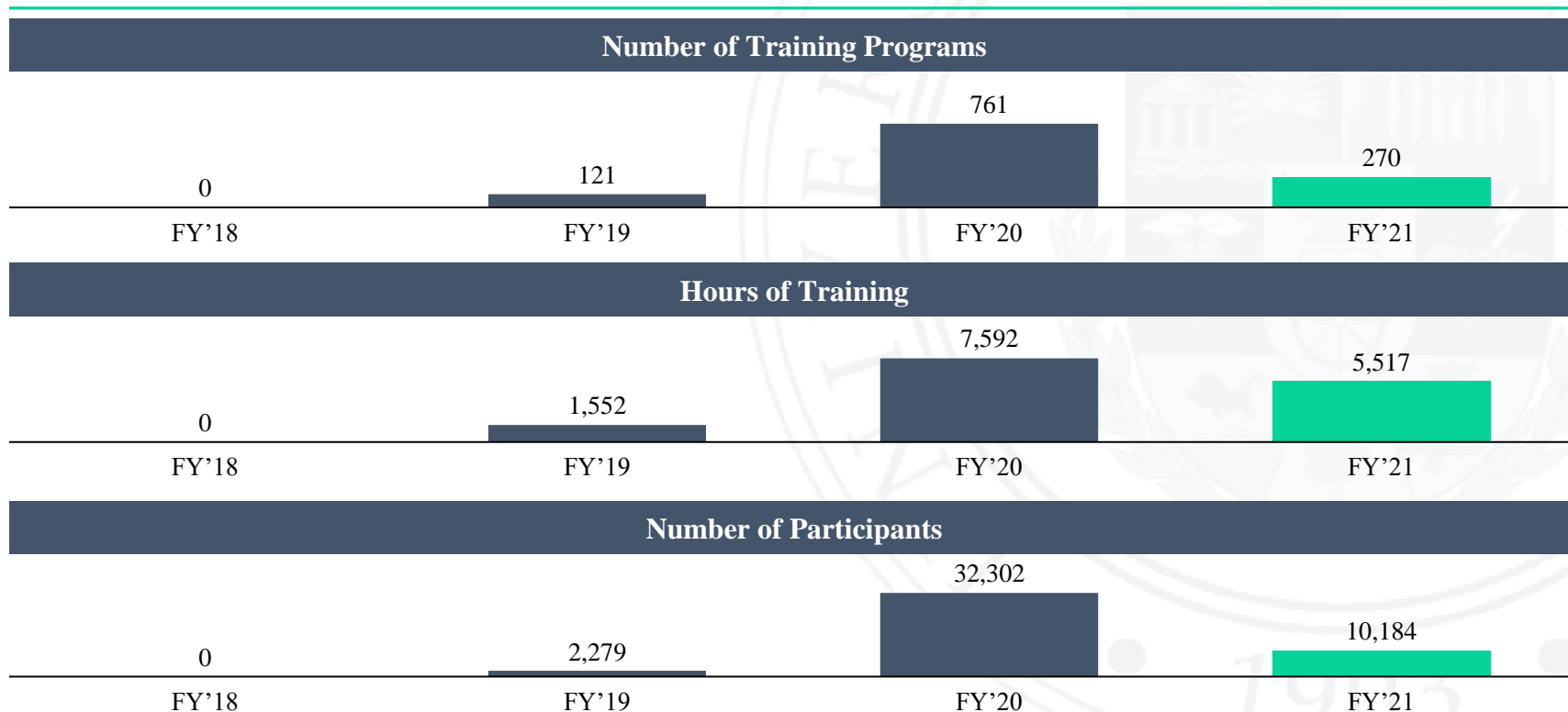
*UPR & the FOMB understand the importance of Federal Funds for the University. A critical Measure for the University is to increase revenue from Federal Research & Investigation Grants & Contracts*

Classification	(000's) Amount									
Pell & Other Student Aid Grants	189,364	179,957	102,112	83,281	69,002	61,883	55,942	58,969	61,988	65,112
	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24	FY'25	FY'26
Federal Research & Investigation Grants	90,337	87,190	79,803	73,000	94,235	94,235	94,235	94,235	94,235	94,235
	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24	FY'25	FY'26
Federal Grants and Contracts Revenue Enhancement Measure	0	0	0	0	-4,432	15,000	20,000	20,000	20,000	20,000
	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24	FY'25	FY'26
Total amount aligned with the FOMB	279,701	267,147	183,030	158,870	158,805	171,118	170,178	173,205	176,224	179,348
	FY'17	FY'18	FY'19	FY'20	FY'21	FY'22	FY'23	FY'24	FY'25	FY'26

**Note** – FY'19 – FY'26 Pell & Other Student Aid is Net of Pell Grant Tuition Income

# Trainings & Seminars Program

*The UPR receives \$20 million in funds per fiscal year for Trainings & Seminars. As of March 5, 2021 270 programs have been completed 58 for PRDE & 212 for OATRH*

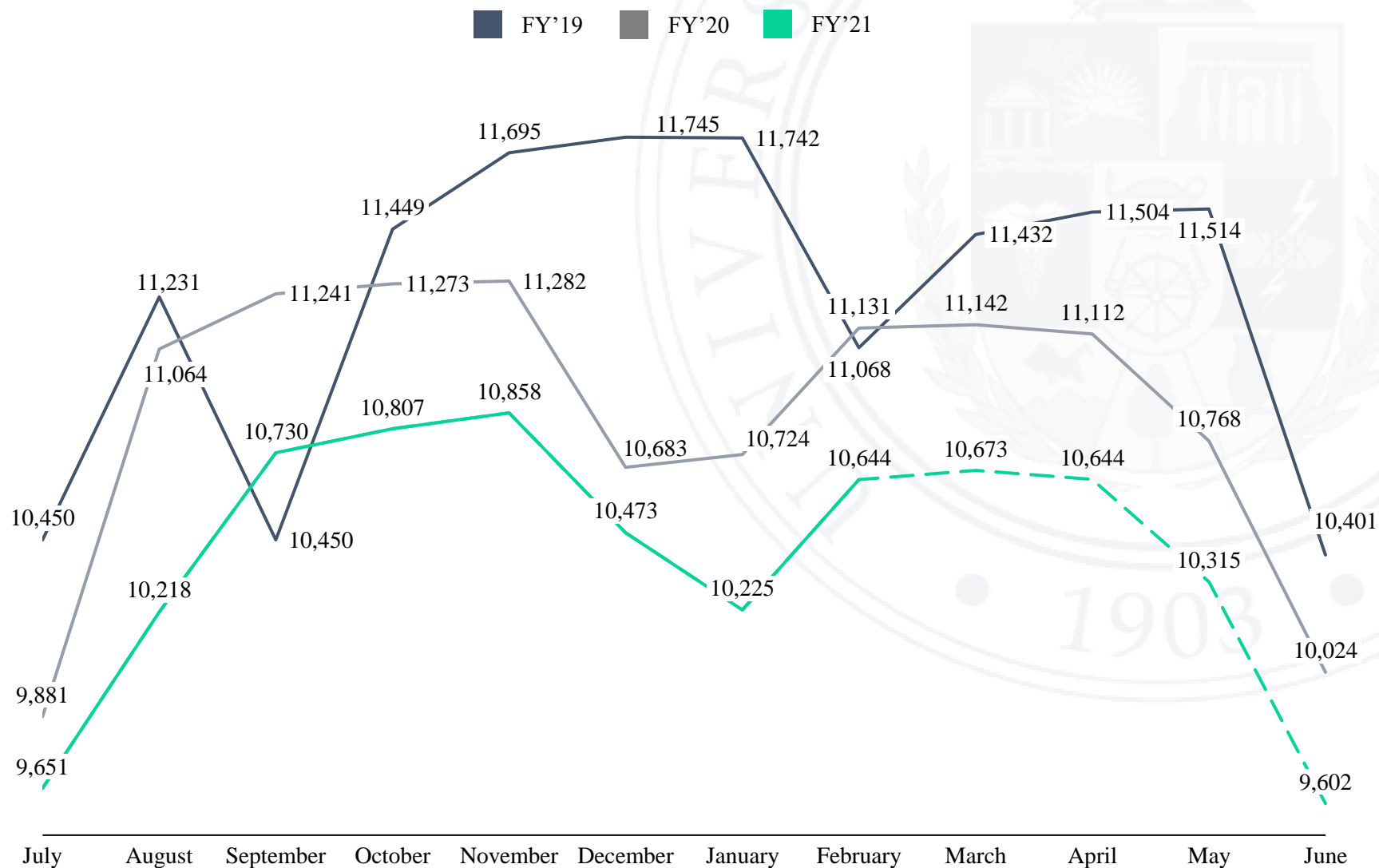


- The University has developed collaborations with multiple government agencies (Department of Justice-Property Registry, Permits Management Office, Planning Board and the Department of Education) in order to help them achieve fiscal measures of their own, while simultaneously utilizing Trainings & Seminars funds
- These collaborations had to be stopped due to the COVID19 Pandemic, but will all restart during FY'21 or early FY'22

Note: FY'21 Results as of December 31, 2020

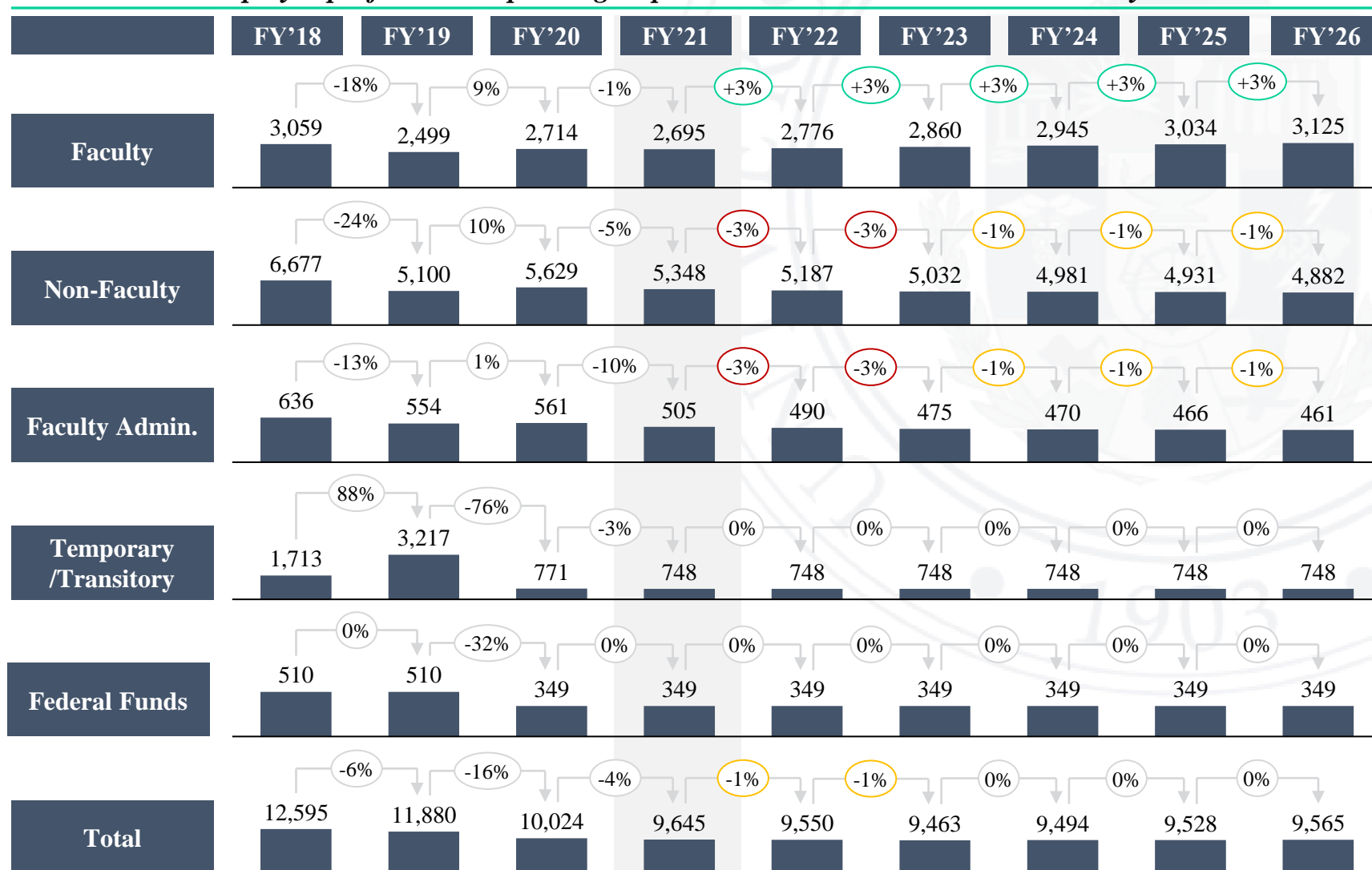
# UPR Historical Headcount Comparison

*Estimated employee roster for FY'21 is 422 employees or 4.2% less than FY'20*



# Attrition Analysis

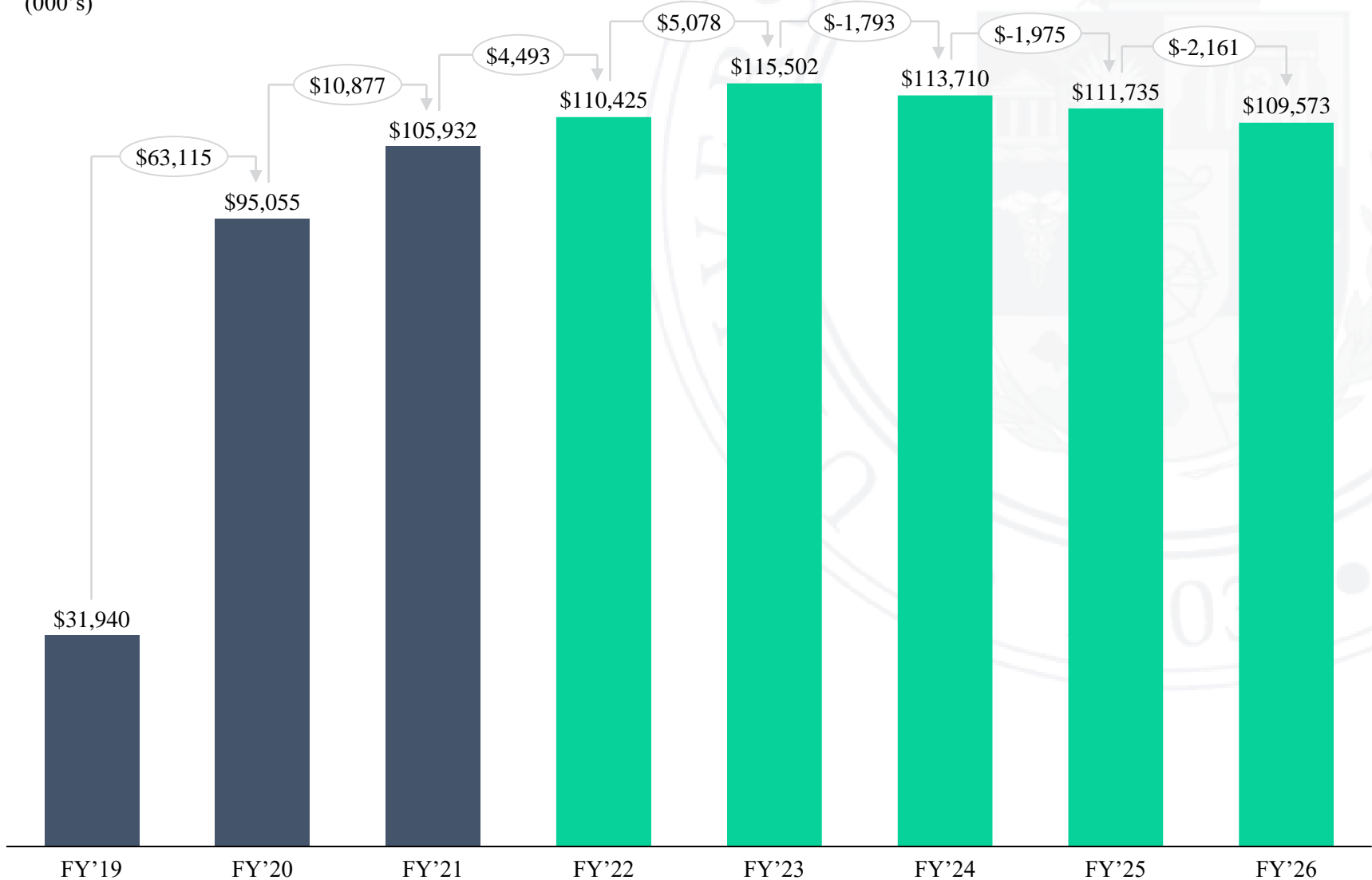
*The University has made a detailed analysis of its employee functions. It has developed and divided its employee profiles in 5 separate groups which are used in the Attrition Analysis.*



# Attrition Measure

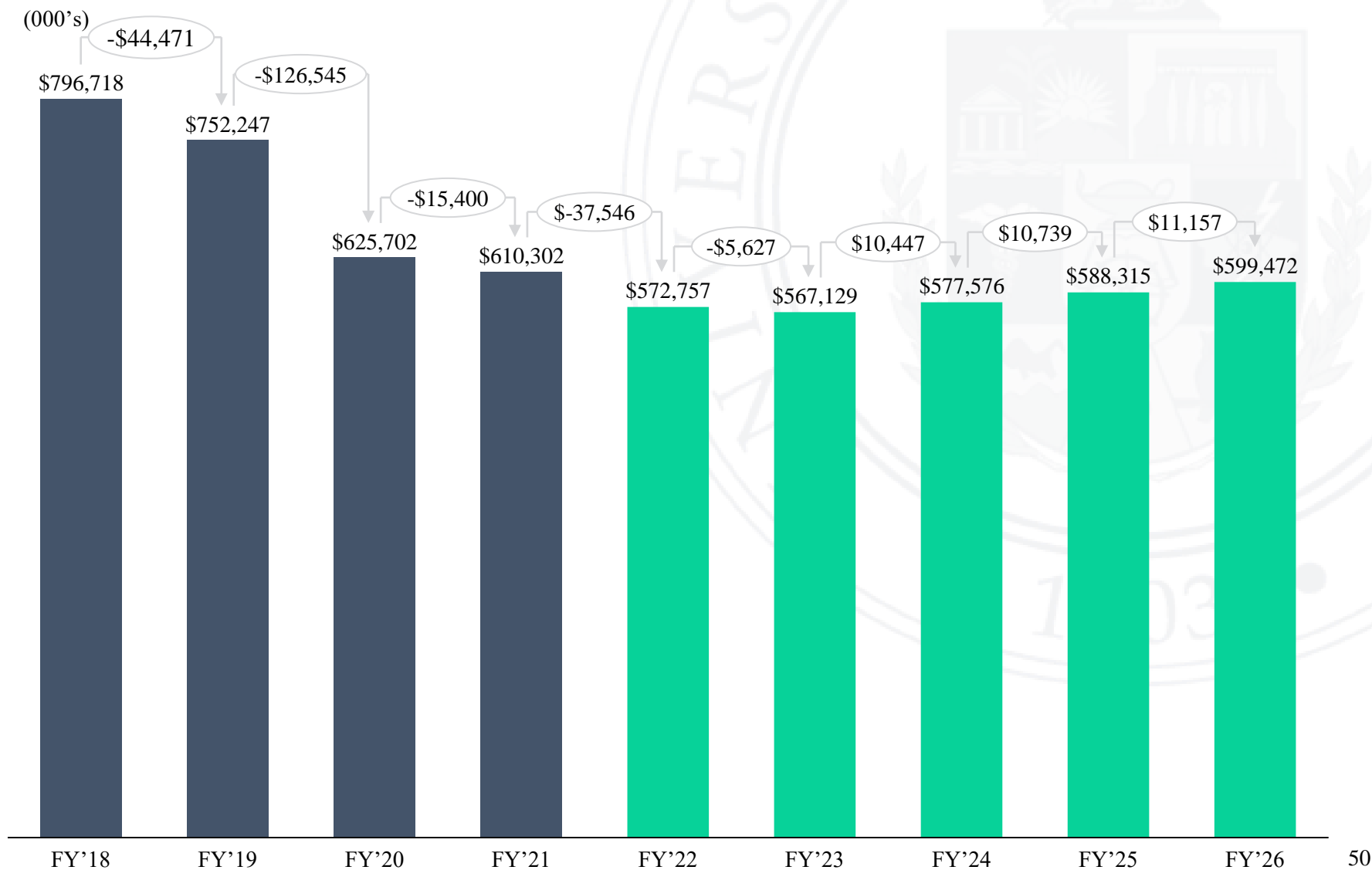
*The attrition expected for the next five years is similar to the assumptions from the Certified Fiscal Plan*

(000's)



## Personnel Expense (includes Medical Insurance)

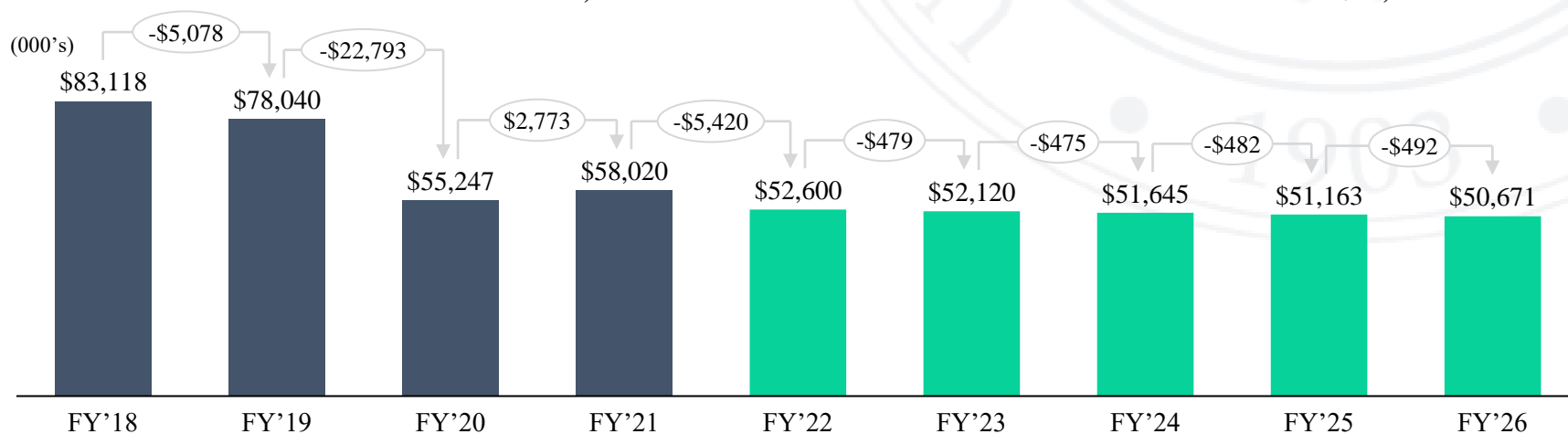
*From FY'18-FY'21 the UPR has been able to reduce Personnel expense by \$186.4 million*



# Medical Insurance Program

*The University will be aligned with the FOMB Medical Insurance Expense as stated in the UPR Certified Fiscal Plan. It is important to consider that 72% of all UPR employees receiving Medical Insurance have a Pre-Existing Condition.*

Employee	Receiving Medical Insurance	Monthly Payment	Total Annual Expense (000's)
Faculty	872	\$390	\$4,079
Non-Faculty	1,131	\$125	\$1,696
Pre-existing Conditions	5,226	\$755	\$47,346
<b>Total</b>	<b>7,228</b>	<b>-</b>	<b>\$53,121</b>



# Administrative Transformation Levers

*6 levers are key to the success of UPR's Administrative Transformation. Their focus is to create an efficient, modern, responsible, and integrated model that will help centralize & optimize administrative responsibilities & student services.*



## Procurement

- Development of a new centralized procurement strategy has commenced
- Central Administration has identified key contracts & categories for additional savings



## Process Transformation

- Key processes that have been identified :
  - Medical Clinics
  - Purchases
  - Human resources
  - Dean administrative units



## Digitalization

- Technology transformation Committee developed
- New Digital signature policy has been established
- Digital documentation process has begun
- Zero paper policy is being developed



## ERP

- Enterprise Resource Planning ("ERP") will upgrade the UPR's information system
- Will be centered around the integration of student services & administrative responsibilities



## Administrative Culture

- New administrative culture focused on responsibility which includes retraining employees
- Create development program for UPR employees
- "New management school"

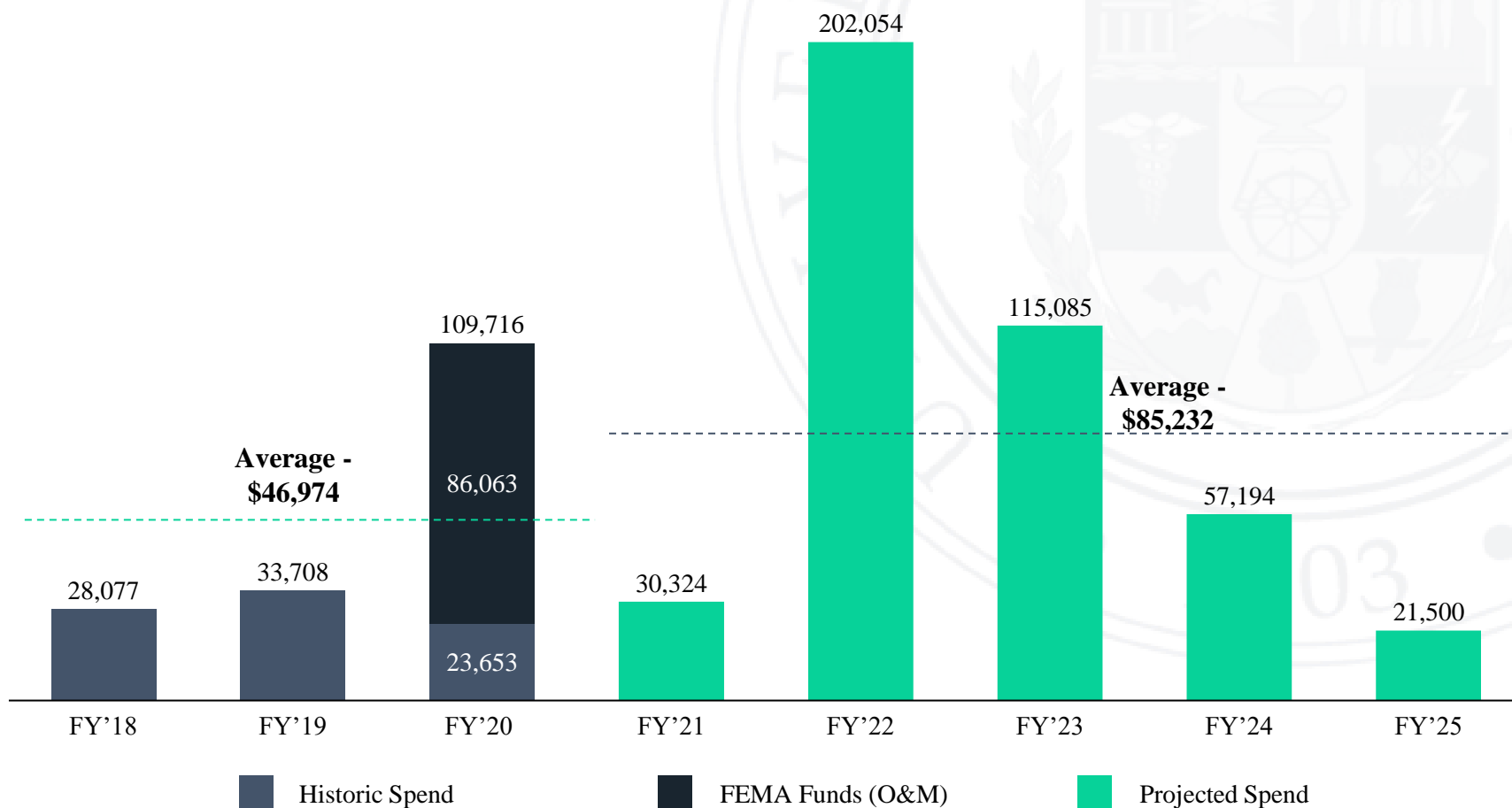


## New Budget Model

- New hybrid model for FY'21
- Focused on the principles of an incentive-based approach
- Funds to increase the incentive for student recruitment, retention and graduation rates

# Total Infrastructure, Modernization & Resiliency Spending

*The annual average projected expense for the University's Infrastructure and Maintenance Program is double the historical annual average spend for this budget line item. In order to successfully execute the extent of this Program, the UPR will sign an interagency agreement with Puerto Rico Infrastructure Financing Authority ("PRIFA") for expanded project management services.*



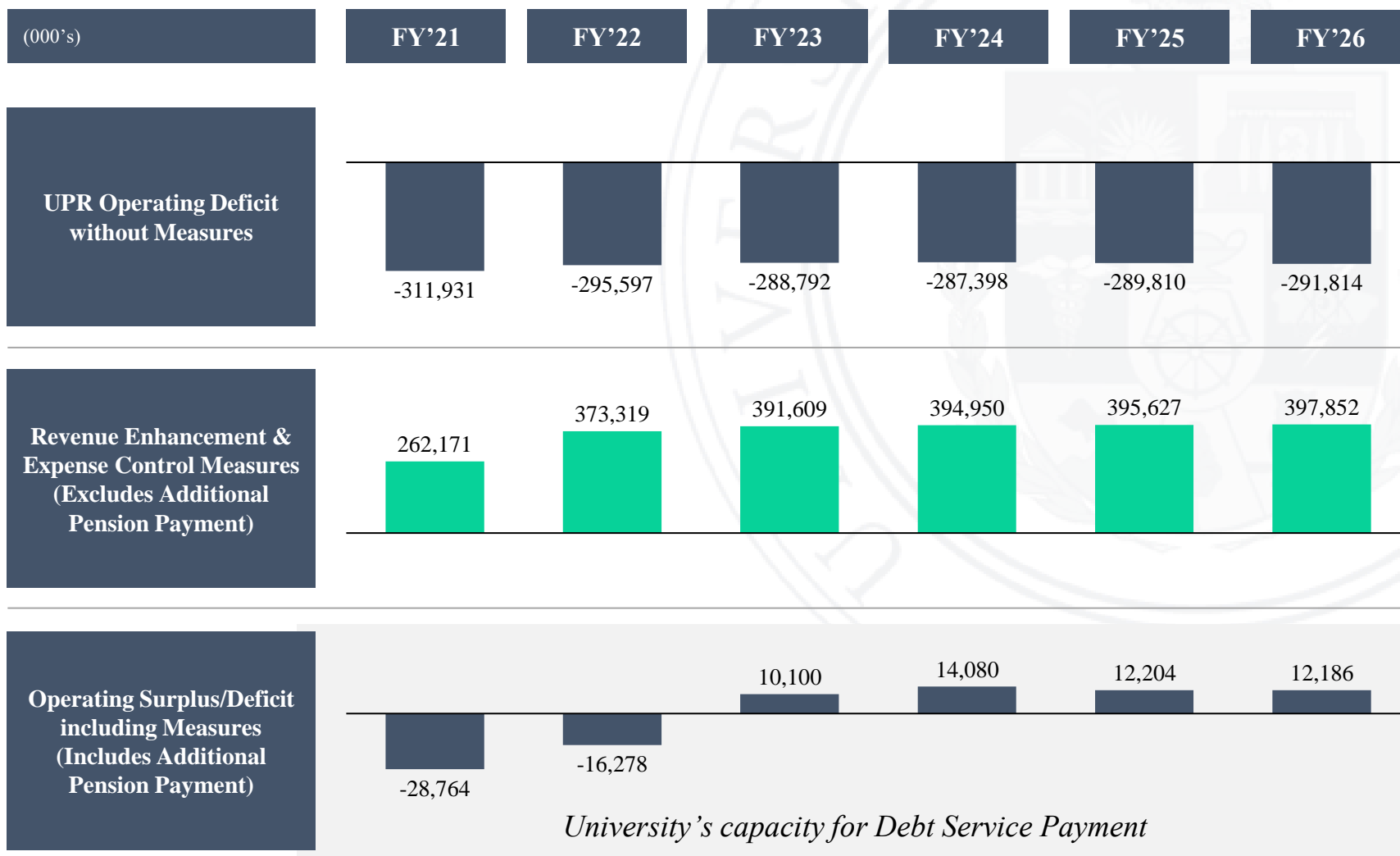
# UPR Fiscal Plan Baseline with Measures

(000's)	CFP FY'21	FY'21	FY'22	FY'23	FY'24	FY'25	FY'26
Government Appropriations	\$559,875	\$559,875	\$611,528	\$612,907	\$593,855	\$589,058	\$584,502
Operating Receipts	388,467	375,443	406,248	417,593	422,431	424,269	428,416
Intra-Government Receipts	185,699	158,805	171,118	170,178	173,205	176,224	179,348
Total Disaster Relief Receipts	—	43,025	128,530	—	—	—	—
<b>Total Receipts</b>	<b>1,134,041</b>	<b>1,137,148</b>	<b>1,317,425</b>	<b>1,200,677</b>	<b>1,189,491</b>	<b>1,189,551</b>	<b>1,192,266</b>
<u>Operating Disbursements:</u>							
Total Operating Disbursements	(919,559)	(946,296)	(895,505)	(882,215)	(892,833)	(907,096)	(921,947)
Total Disaster-related Disbursements	—	(43,025)	(128,530)	—	—	—	—
Pensions Payment	(121,400)	(159,700)	(121,600)	(120,200)	(120,000)	(119,900)	(119,900)
Capital Expenditures	(30,895)	(5,338)	(30,895)	(30,895)	(31,895)	(31,797)	(32,264)
	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(11,890)	(12,065)
CW Capital Expenditures	—	—	(51,619)	(52,998)	(26,000)	(13,000)	—
<b>Total Disbursements</b>	<b>(1,083,407)</b>	<b>(1,165,912)</b>	<b>(1,239,703)</b>	<b>(1,097,861)</b>	<b>(1,081,938)</b>	<b>(1,083,734)</b>	<b>(1,086,227)</b>
<b>Net Cash Flow (before DS)</b>	<b>\$50,634</b>	<b>(\$28,764)</b>	<b>\$77,722</b>	<b>\$102,816</b>	<b>\$107,553</b>	<b>\$105,817</b>	<b>\$106,038</b>
Debt Service Payment	(48,252)	(52,231)	(48,252)	(48,252)	(48,252)	(48,252)	(48,252)
<b>Net Cash Flow</b>	<b>\$2,382</b>	<b>(\$81,085)</b>	<b>\$29,470</b>	<b>\$54,564</b>	<b>\$59,301</b>	<b>\$57,565</b>	<b>\$57,786</b>

# New Government Appropriation Fiscal Resiliency Funds

(000's)	FY'22	FY'23	FY'24	FY'25	FY'26
Net Cash Flow (before DS)	\$77,722	\$102,816	\$107,553	\$105,817	\$106,038
<b>New Government Appropriation Fiscal Resiliency Funds</b>					
Additional Pension Contribution	\$37,395	\$38,716	\$38,980	\$39,121	\$39,354
Replenish Operational Reserves	22,605	20,000	20,000	20,000	20,000
Federal Fund Cost Share	20,000	-	-	-	-
COVID Impact - Campus Generated Inflows	10,000	-	-	-	-
Revamped Employee Classification Plan	4,000	34,000	34,493	34,493	34,499
<b>Total Investment</b>	<b>\$94,000</b>	<b>\$92,716</b>	<b>\$93,473</b>	<b>\$93,613</b>	<b>\$93,852</b>
<b>Operating Surplus/deficit (before DS/after CW Inv.)</b>	<b>(\$16,278)</b>	<b>\$10,006</b>	<b>\$14,080</b>	<b>\$12,204</b>	<b>\$12,186</b>

# Summary of Fiscal Plan Impact FY'21 – FY'26



# FY'21 to FY'22 Result Snapshot

(000's)	FY'21	FY'22	Comments
<b>CFP FY'21 (after Debt Service)</b>	<b>\$2,382</b>	<b>(\$195,133)</b>	
Adjustments:			
Slot Machine Revenues	(1,804)	8,761	CW Fiscal Plan Incremental Revenues
Campus Generated Inflows	(4,374)	9,556	*\$10 million from new Appropriations
Tuition & Dues and Fees	(6,846)	12,570	Measures for FY'22
Federal Funds	(14,432)	19,432	Measure for FY'22
Pell Grants & Scholarships	(29,874)	29,874	Normalized post COVID-19
Trainings & Seminars Program	(20,000)	20,000	Measure for FY'22
Attrition	(9,300)	13,846	Measure for FY'22
Christmas Bonus	(5,841)	5,841	Measure for FY'22
Medical Plan	(4,470)	5,420	Measure for FY'22
Other Marginal Benefit	(8,795)	12,439	Measures for FY'22
Procurement	19,081	(23,748)	Normalized post COVID-19
Capex Underspend	25,557	(25,557)	Expense normalized
Pension Contribution	(38,300)	38,100	*\$40 million from new Appropriations
Debt Service	(4,069)	4,069	Includes full Contractual Debt Service
<b>Total Adjustments</b>	<b>(103,467)</b>	<b>130,603</b>	
<b>UPR FY'21 Expected</b>	<b>(101,085)</b>	<b>(64,530)</b>	
FY'22 Government Appropriations Reduction	(94,048)		
<b>Expected FY'22 Deficit after Reduction</b>	<b>(195,133)</b>		

# Table of Contents

---

1	Executive Summary	2	Institutional Background	3	Challenges Facing The Institution	4	Measures to Improve Fiscal & Operational Situation
5	<b>Pension Reform &amp; Debt Sustainability</b>	6	Financial Reporting & Governance	7	Implementation Progress		

# Pension Policy Reform Decision

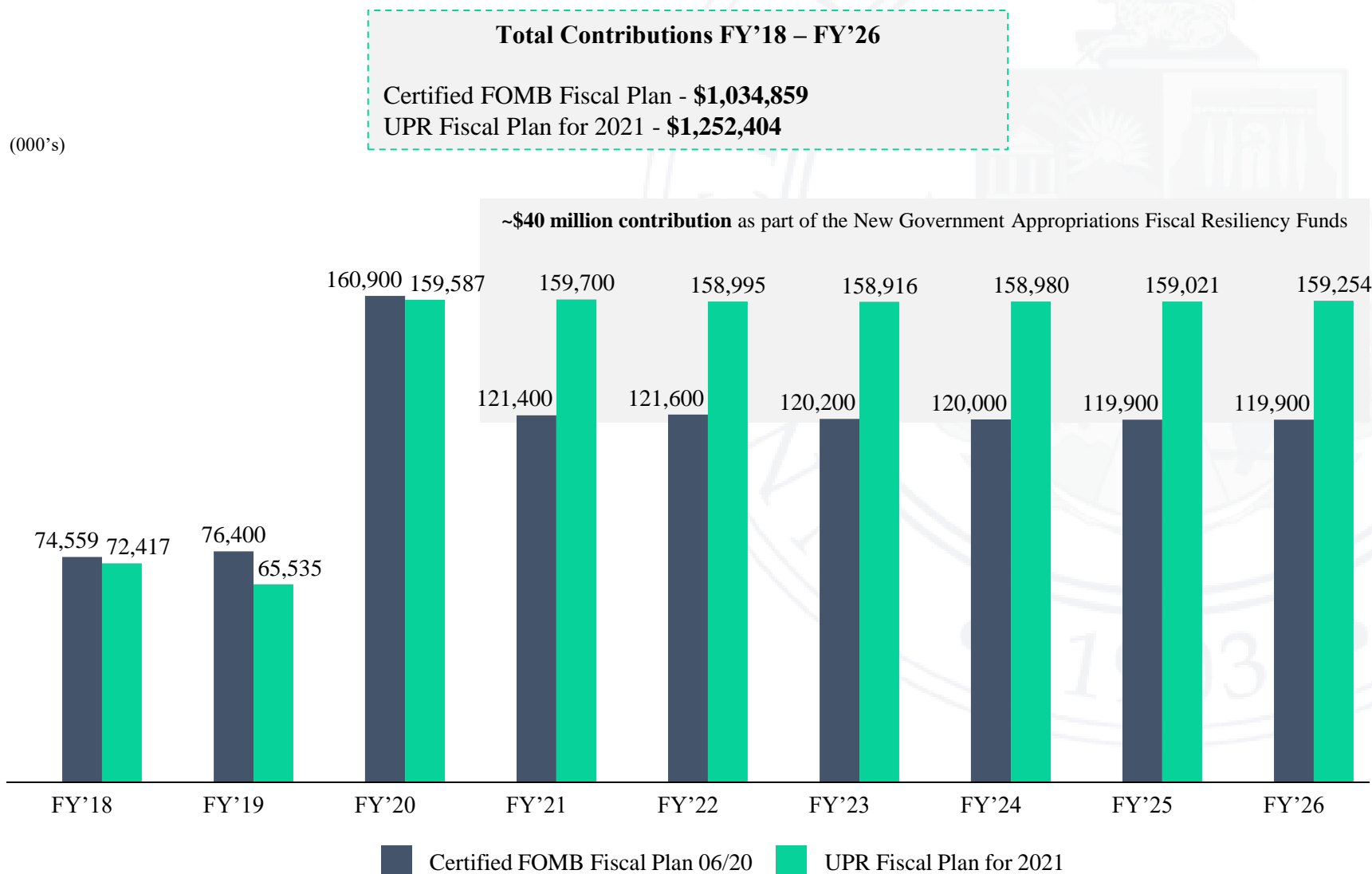
---

*The UPR proposes a prospective approach to reform the UPR Retirement System (“UPRRS”) that would eliminate the total pension liability, not only the unfunded pension liability portion. In addition, reduces significantly legal risk of changes due to the prospective nature of the proposed Pension Reform. The prospective solution is a partial freeze of the UPRRS.*

---

- The UPRRS will be closed effectively December 31, 2021 to all non-vested participants and new employees after that date. Vested employees in the UPRRS and retirees are not impacted with this prospective change.
- The December 31, 2021 date provides time for an adequate educational process and operational transition of non-vested UPRRS participants to the new defined contribution plan
- The UPR commits to funding the UPRRS following a closed 30-year amortization according to actuarial guidance
- **Non-vested and new employees (12% of total population):** Non-vested and new participants will participate of a new defined contribution plan starting January 1, 2022. Non-vested employee and new employees would contribute 8.5% of their annual salary to a new defined contribution plan. The UPR would contribute a 4.5% annual matching.
- **Vested employees (38% of total population):** No impact. Vested employees will continue to participate in the UPRRS following current guidance.
- **Retirees (50% of total population):** No impact.
- The UPR is allocating **\$160 million** to cover the actuarial required contribution to cover the unfunded pension liability.
- With this reform the unfunded pension liability would be paid in total by 2043 which results in 100% funding status for the partially frozen UPRRS defined benefit pension plan by the same year

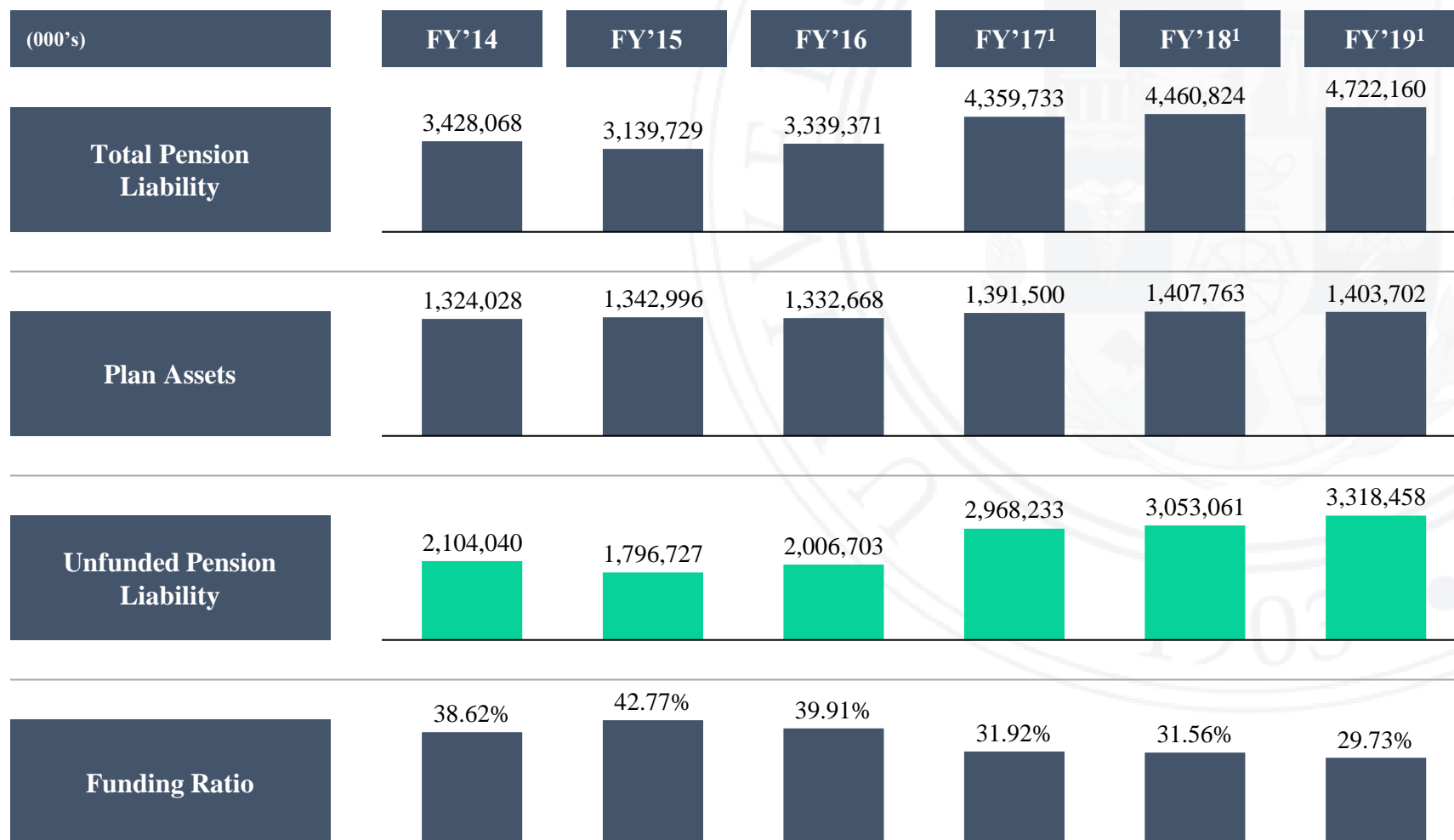
# Pension Plan Contribution



**Note:** The UPR Fiscal Plan for 2021 included Contribution to DB Plan as well as a new contribution towards a DC Plan.

# Historical Pension Plan Liability

*The GASB 67 & 68 Actuarial Report (dated January 20, 2021) presents a dire financial situation of the UPR Retirement System, with approximately \$1 billion in additional pension liability*



<sup>1</sup>: Data obtained for "Actuarial Report as of June 30, 2019" slides from Cavanaugh Macdonald Actuarial Report GASB 67 & GASB 68 reports as of June 30, 2019

# Actuarial Reports

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

		Report Date
Actuarial Valuation Report 2016	Provides a summary of the funded status of the Retirement System as of June 30, 2016	5/22/2017
Actuarial Valuation Report 2017	Provides a summary of the funded status of the Retirement System as of June 30, 2017	10/3/2018
Experience Study 2012-2017	Assess the reasonability of the actuarial assumptions for the system including all type of members and provides recommended actuarial assumptions	12/20/2018
GASB 67 & GASB 68 Report 2018	Presents information to assist the Retirement System in meeting the requirements of GASB 67 & GASB 68	7/13/2019
Actuarial Valuation Report 2018	Provides a summary of the funded status of the Retirement System as of June 30, 2018	7/13/2019
GASB 67 & GASB 68 Report 2019	Provides a summary of the funded status of the Retirement System as of June 30, 2019	1/20/2021
Actuarial Valuation Report 2019	Provides a summary of the funded status of the Retirement System as of June 30, 2019	1/25/2021
Actuarial Report on Reforms	Provides a summary of the alternatives and costs for the Pension System Reform	2/28/2021

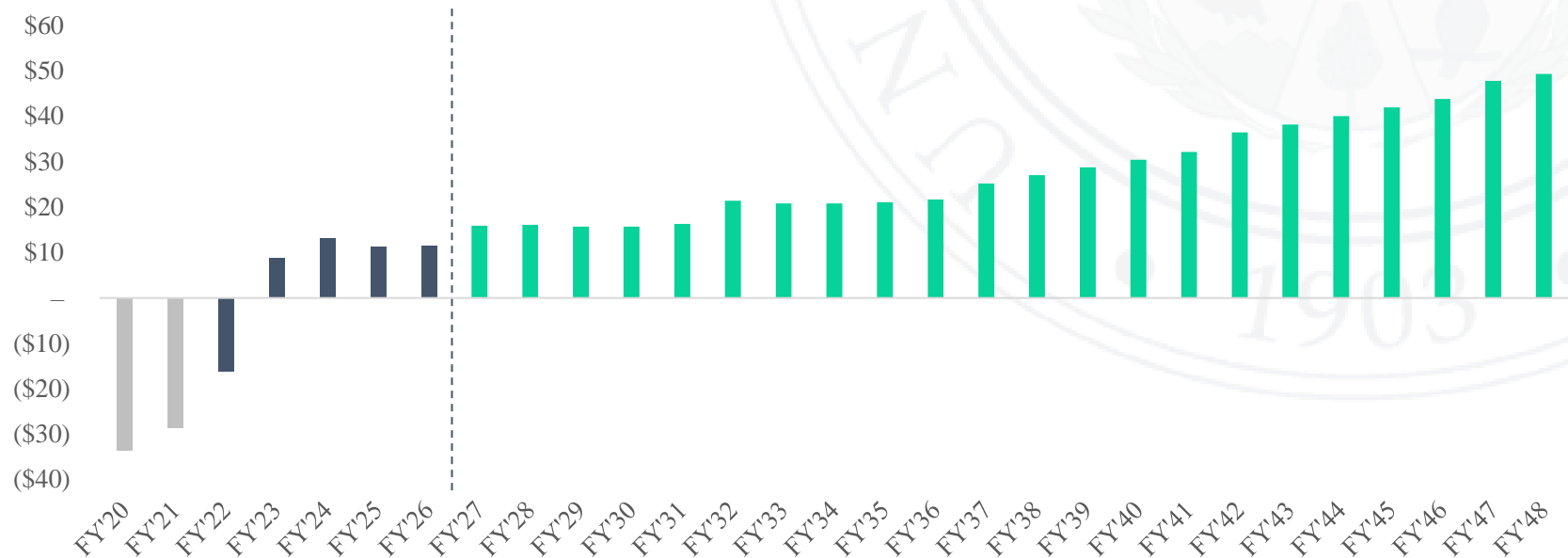
<sup>1</sup>: GASB 68 establishes the standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions provided to employees of state and local government employers, through plans that are administered through trusts or equivalent arrangements. GASB 68, however,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

# Debt Sustainability Analysis

***The UPR has \$439.5million of outstanding bonds, including \$341.4 million of Series P and Q Revenue Bonds and \$53.6 million of AFICA Bonds, 2000 Series A. Both the Revenue Bonds and the AFICA Bonds are being paid current principal and interest.***

- Discussions with respect to a consensual restructuring of the Revenue Bonds are continuing. Presently, the University has complied with and has made all transfers due under the Letter Agreement, as extended. For FY'21, the University will make transfers to the Trustee totaling \$52.3 million. 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.
- The UPR Fiscal Plan for 2021 does not allow for the payment in full of the Revenue and AFICA Bonds. Additionally, unused and/or excess cash reserves have already been used for fiscal plan deficits in the past three fiscal years. Commencing in FY'23, the University would have a limited amount of excess funds for debt service payments.

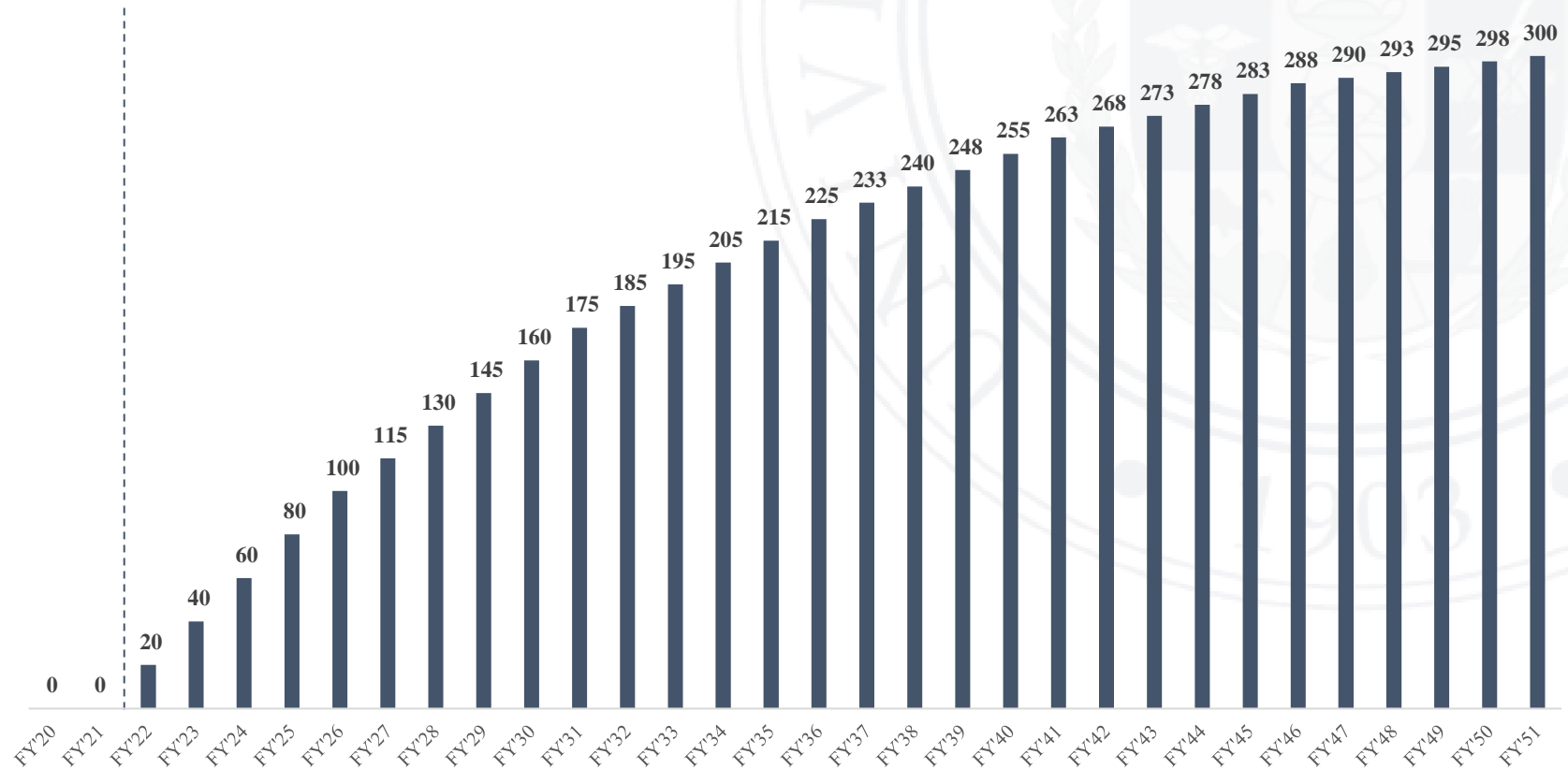
**UPR 30-Year Debt Capacity (millions \$)**



# Emergency Cash Reserve Fund Replenishment

*The 30-Year Debt Capacity projections consider the New Government Appropriation Fiscal Resiliency Funds for the Replenishment of an Emergency Cash Reserve Fund. The total amount accumulated in the 30-year period would be \$300 million, or 85 days of cash on hand reserves for fixed operating expenses.*

Emergency Cash Reserve Fund Replenishment (millions \$)



# Table of Contents

---

1	Executive Summary	2	Institutional Background	3	Challenges Facing The Institution	4	Measures to Improve Fiscal & Operational Situation
5	Pension Reform & Debt Sustainability	6	<b>Financial Reporting &amp; Governance</b>	7	Implementation Progress		

# Reporting & Compliance






*The UPR has improved its reporting requirements with the FOMB and has been able to submit all Reporting & Compliance Documents on time including Certified Fiscal Plan Action Items*

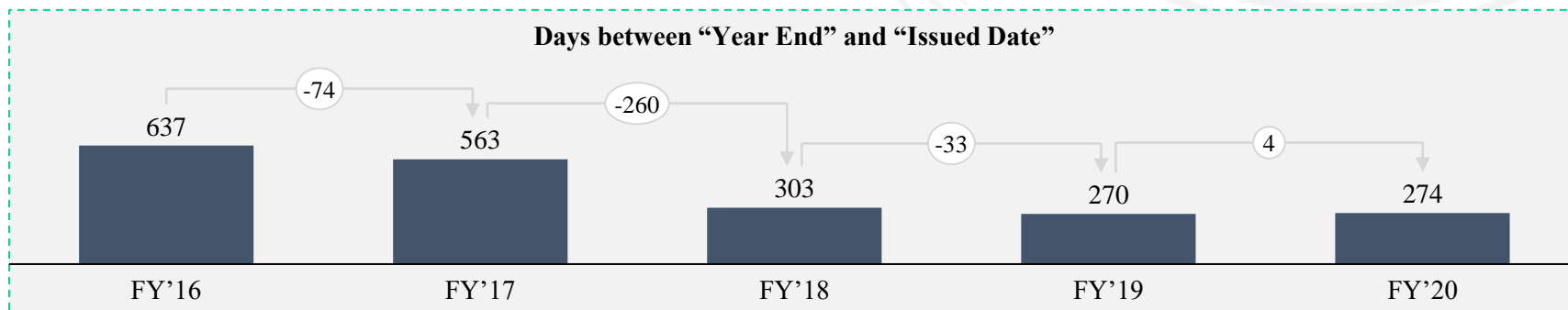
	Report	Recurrence	Status	Comments
1	Enrollment and tuition reporting	Semiannually	✓	• Reporting every 15 <sup>th</sup> of the month
3	Implementation plan	Monthly	✓	• Reporting every 15 <sup>th</sup> of the month
4	Monthly implementation status report	Monthly	✓	• Reporting every 15 <sup>th</sup> of the month
5	Cash reserves	Monthly	✓	• Reporting every 15 <sup>th</sup> of the month
6	Monthly Budget to Actuals	Monthly	✓	• Reporting every 15 <sup>th</sup> of the month
7	Liquidity	Annually, reforecast quarterly and reporting monthly	✓	• Currently reporting following FOMB Certified Fiscal Plan
8	Auxiliary Revenue	Monthly	✓	• Reporting every 15 <sup>th</sup> of the month
9	Quarterly Budget to Actuals	Quarterly	✓	• Reporting every 15 <sup>th</sup> of the Month after Quarter closing
10	1(C)Component unit report	Monthly	✓	• Reporting every 15 <sup>th</sup> of the month
11	1(E)Bank account summaries	Monthly	✓	• Reporting every 15 <sup>th</sup> of the month
12	2(A)Budget to actuals	Monthly	✓	• Reporting every 15 <sup>th</sup> of the month
13	2(B/C)Payroll and Headcount	Monthly	✓	• Reporting every 15 <sup>th</sup> of the month

# Publication of Audited Financial Statements

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

- The UPR has been successful in decreasing the number of days between its financial closing period and its publication of Audited Financials. For the FY'20 Audited Financial Statements the UPR maintained relatively the same number of days as in the FY'19 Audited Financials Publication.

FY'16	FY'17	FY'18	FY'19	FY'20
				
Year End – 6/30/2016	Year End – 6/30/2017	Year End – 6/30/2018	Year End – 6/30/2019	Year End – 6/30/2020
Issued Date – 3/29/2018	Issued Date – 1/14/2019	Issued Date – 4/29/2019	Issued Date – 03/26/2020	Issued Date – 03/30/2021



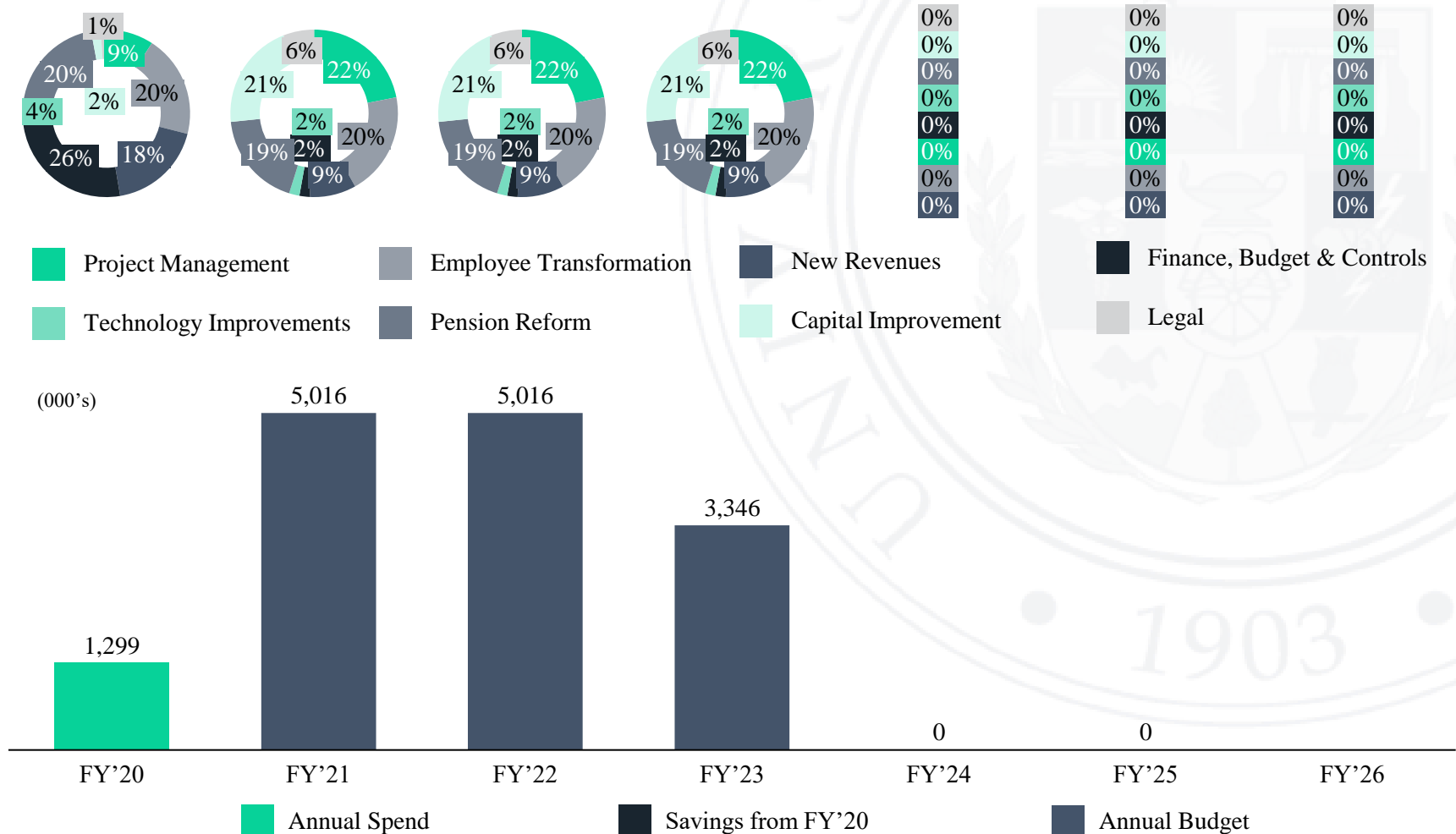
# Table of Contents

---

1	Executive Summary	2	Institutional Background	3	Challenges Facing The Institution	4	Measures to Improve Fiscal & Operational Situation
5	Pension Reform & Debt Sustainability	6	Financial Reporting & Governance	7	<b>Implementation Progress</b>		

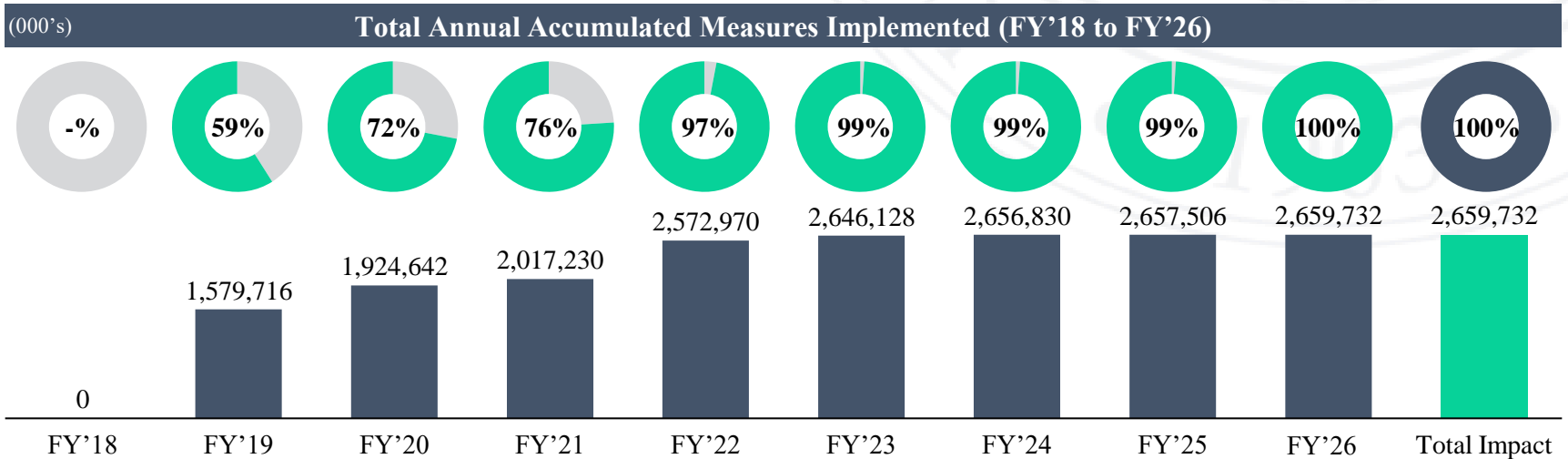
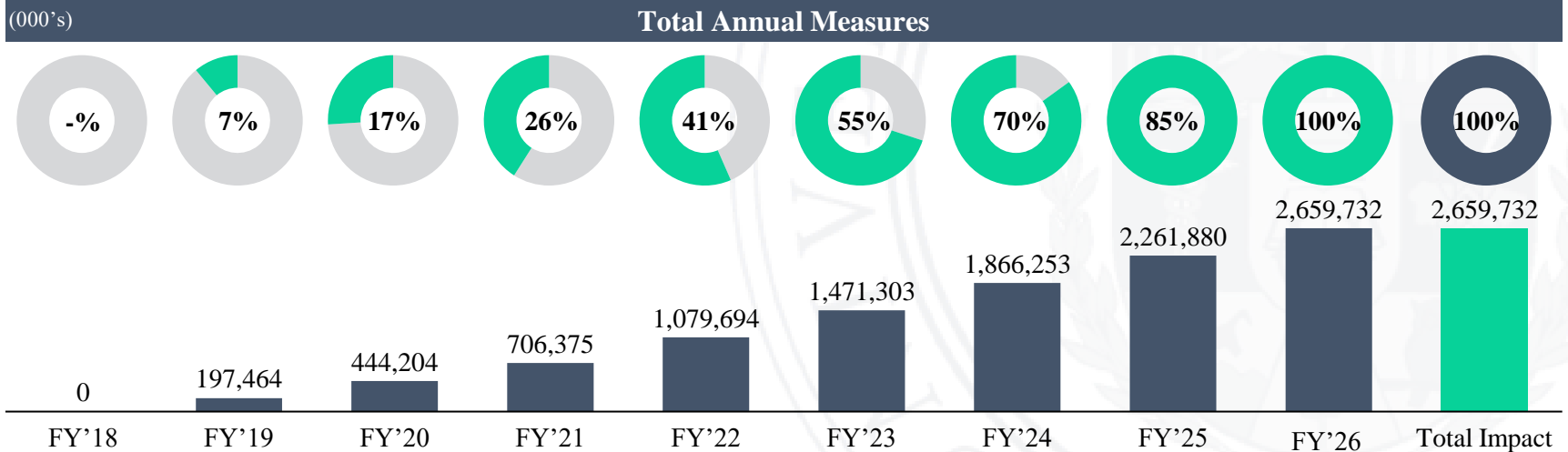
# Office of Institutional Transformation (“OIT”)

*The investment of the OIT office is projected to be \$14.6 million from FY’20 to FY’26*



# UPR Fiscal Plan Accumulated Measures

*As of FY'21 the University has achieved over \$2.0 billion in revenue enhancements and expense controls. If the UPR continues to apply these measures through FY'26, it will achieve \$2.7 billion revenues and expense control measures as stated in the UPR Fiscal Plan for 2021*



# Fiscal Plan in One Shot

## Proposed Government Appropriations for FY'22

**\$407 million** **+**

- Fiscal Plan assumes reductions, as presented in the FOMB CFP.
- Uses CFP baseline and measure criteria / methodology.
- Includes CFP required measures:
  - ✓ Increase in Tuition (Undergraduate & Graduate)
  - ✓ Eliminates Exemptions
  - ✓ Increase in Dues & Fees
  - ✓ Increase in Federal Grants
  - ✓ Use of T&S Funds
  - ✓ Plaza Universitaria Re-negotiation
  - ✓ Attrition → ~1%
  - ✓ No Christmas Bonus
  - ✓ Negotiation of Medical Plan
  - ✓ Additional Benefits Negotiation
  - ✓ \$120 million for Pensions
  - ✓ NO layoffs
  - ✓ NO campus closings

**\$94 million**

- New Government Appropriation Fiscal Resiliency Funds
  - ✓ Additional Pension Contribution of \$40 million. No benefit reduction for pensioner's or vested employees.
  - ✓ Replenishment of Operational Reserve of \$20 million. Currently, no reserve fund is available.
  - ✓ Federal Fund Cost Share of \$20 million. Currently no funds are available.
  - ✓ COVID-19 Impact of \$10 million for Medical Science.
  - ✓ New Classification and Retribution Plan injection of \$34 million.
- Provides a mitigation plan for partial or non-approval of additional Appropriations.

**=**

**\$501 million**

- University would keep operating if no additional funds are approved.
- Provides permanent fix to the operational deficits from the past fiscal years.
- Finalizes the uncertainty in the Pension System unfunded liabilities.
- Complies with the FOMB's requirements.
- Eliminates / reduces a Title III procedure and its implications.
- Provides long term investment in the Institution's infrastructure, personnel, pensioners and students.