



University of Puerto Rico

Revised Fiscal Plan Summary

San Juan, Puerto Rico
September 7, 2018

Guiding Principles of the UPR Fiscal Plan

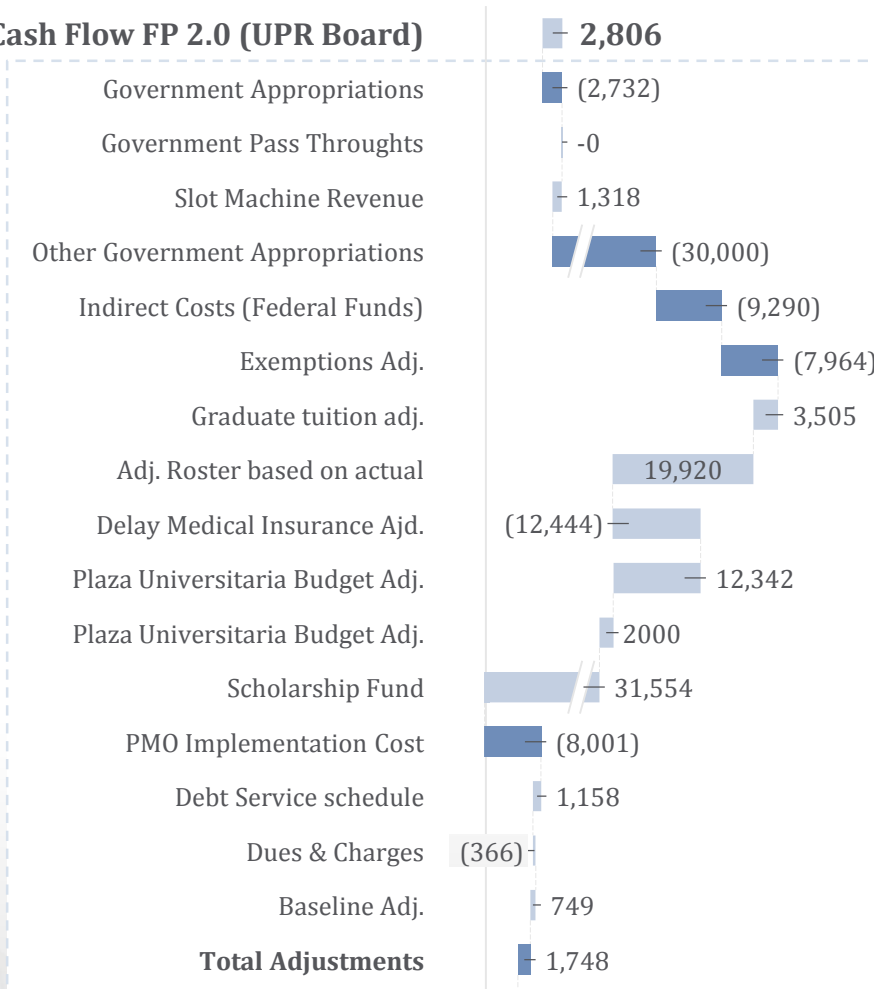
1. Seeks to meet the fiduciary responsibility of the University with Puerto Rico while maintaining institutional integrity and financial stability.
2. Protects the necessary human, financial, technical, and capital resources needed to support the sustained achievement of the UPR mission, considering the UPR provides an essential service.
3. Centers on the strengthening of the diversity and uniqueness that characterizes the UPR System for the successful attainment of the UPR 2017-2022 Strategic Plan.
4. Recognizes the complexities of the external environment aiming to position itself as a key contributor to the development of local economies.
5. Aims 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.
6. Commits to its fiscal responsibility with specific revenues and expenditures measures to support the achievement of its strategic sustainable management goal.
7. Nurtures the innovation and transformation of academic endeavors, research and the creation of knowledge, as well as its technological structures.
8. Reinforces institutional capacities without affecting access, social responsibility, quality of services and professional and vocational success of its constituents.
9. Prioritizes administrative and academic transformations that are guided by efficiency and effectiveness criteria.
10. Allows for the development of capacity and creativity among teaching and non-teaching personnel to implement the necessary changes.



Summary of Modifications of the Revised Fiscal Plan

(\$000's)

Net Cash Flow FP 2.0 (UPR Board)



Net Cash Flow for FY'19 with measures

- 1 Lower Government Appropriation in approved FY'19 budget
- 2 Increase in \$1.6MM as part of the Red Sismica pass-through
- 3 Increase in Slot Machine Revenue in approved FY'19 Budget
- 4 Two \$15MM appropriations considered in past Fiscal Plan
- 5 Lower amount of federal funds, based on actual performance
- 6 Revised Exemption parameters approved by UPR Board
- 7 Revised Graduate tuition adjustment approved by UPR Board
- 8 Adjusted based on actual personnel expense from FY18
- 9 Adjusted based on actual medical insurance from FY18
- 10 Non-budgetary (one-time) inflows from Plaza Universitaria
- 11 Non-budgetary (recurring) inflows from Plaza Universitaria
- 12 Adjustment in Scholarship Fund as approved in FY'19 budget
- 13 PMO expense based on \$10MM annual expense (first two years)
- 14 Revised debt service schedule - non-negotiation adjustment
- 15 Reduction based on changes in student population
- 16 Reduction based on additional baseline adjustment

Adjustment Net Cash Flow FP 3.0

4,554



Student Enrollment

Campus:	FY'18			Actuals as of 08.20.18 FY'19		
	Undergraduate	Graduate	Total	Undergraduate	Graduate	Total
Rio Piedras	12,020	3,087	15,107	11,719	3,272	14,991
Mayaguez	12,427	983	13,410	12,330	900	13,230
Ciencias Médicas	300	1,973	2,273	343	2,058	2,401
Cayey	3,430	-	3,430	3,098	-	3,098
Humacao	3,825	-	3,825	3,319	-	3,319
Aguadilla	3,323	-	3,323	3,140	-	3,140
Arecibo	3,769	-	3,769	3,660	-	3,660
Bayamón	4,528	-	4,528	4,185	-	4,185
Carolina	3,851	-	3,851	3,368	-	3,368
Ponce	3,149	-	3,149	2,827	-	2,827
Utua	1,155	-	1,155	841	-	841
TOTAL	51,777	6,043	57,820	48,830	6,230	55,060



UPR Fiscal Plan Baseline

(\$000's)	FY'18 - Base	FY'18 - Maria Adj	FY'19	FY'20	FY'21	FY'22	FY'23
Total Central Government Appropriations	\$708,369	\$708,321	\$645,909	\$559,875	\$488,850	\$465,861	\$441,861
Total Operating Receipts	\$301,808	\$253,672	\$269,505	\$263,533	\$257,729	\$252,090	\$246,612
Total Intra-Government Receipts	\$285,814	\$242,942	\$285,814	\$285,814	\$285,814	\$285,814	\$285,814
<u>Disaster Relief Receipts</u>							
Insurance Proceeds	-	\$15,000	\$65,000	\$20,000	-	-	-
FEMA Receipts	-	-	-	20,000	-	-	-
Total Disaster Relief Receipts	-	-	-	-	-	-	-
Total Receipts	\$1,295,991	\$1,219,934	\$1,266,228	\$1,149,222	\$1,032,393	\$1,003,765	\$974,287
<u>Operating Disbursements:</u>							
Total Operating Disbursements	(\$1,160,063)	(\$1,115,825)	(\$1,151,655)	(\$1,145,629)	(\$1,139,783)	(\$1,134,113)	(\$1,134,113)
Total Disaster-related Disbursements	-	(\$15,000)	(\$65,000)	(\$40,000)	-	-	-
Capital Expenditures	(61,790)	(28,077)	(30,895)	(30,895)	(30,895)	(30,895)	(30,895)
Equipment	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)
Total Disbursements	(\$1,233,406)	(\$1,170,455)	(\$1,259,103)	(\$1,228,077)	(\$1,182,231)	(\$1,176,561)	(\$1,176,561)
Net Cash Flow (before Pension Payment & DS)	\$62,585	\$49,479	\$7,125	(\$78,855)	(\$149,838)	(\$172,795)	(\$202,274)
Pensions Payment	(\$66,329)	(\$66,329)	(\$76,376)	(\$79,598)	(\$82,570)	(\$85,108)	(\$87,744)
Debt Payment	(\$64,415)	(\$64,415)	(\$48,252)	(\$48,252)	(\$48,252)	(\$48,252)	(\$48,252)
Net Cash Flow	(\$68,159)	(\$81,265)	(\$117,503)	(\$206,705)	(\$280,660)	(\$306,155)	(\$338,271)



UPR Fiscal Plan Summary of Measures

(\$000's)	Measure	FY'19	FY'20	FY'21	FY'22	FY'23
Revenue Enhancement						
	Adjustment to Undergraduate Student Tuition	53,555	56,427	59,078	65,733	67,848
	Adjustment to Graduate Student Tuition	7,874	14,379	16,675	17,986	17,442
	Increase in Federal Grants	(4,290)	5,000	10,000	15,000	20,000
	Adjustment to Dues & Charges	6,064	8,464	10,447	12,743	12,361
	Increase in Patent Monetization	500	1,000	1,500	2,000	2,000
	Implementation Expense on Training & Tutoring	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)
	Total Revenue Enhancement Measures	55,702	77,270	89,700	105,462	111,651
Expense Controls						
	HR Optimization: Attrition	35,941	50,116	62,740	71,067	71,067
	HR Optimization: Adjustment in Marginal Benefits	-	26,000	25,653	25,312	25,312
	Centralized Procurement & Contract Renegotiation	9,168	16,336	16,336	16,336	16,336
	Adjustment to Tuition Exemptions	14,905	15,059	15,189	15,863	15,935
	Total Expense Controls	60,015	107,511	119,919	128,579	128,651
	Mayaguez Campus Hub – Agriculture Center	2,000	4,200	6,200	9,200	12,200
	Plaza Universitaria Revenue Recognition	14,342	2,000	2,000	2,000	2,000
	Transformation Plan Implementation Expense	(10,001)	(10,016)	(5,016)	(5,016)	(3,346)
	Total Measures Impact	122,057	180,964	212,802	240,224	251,155

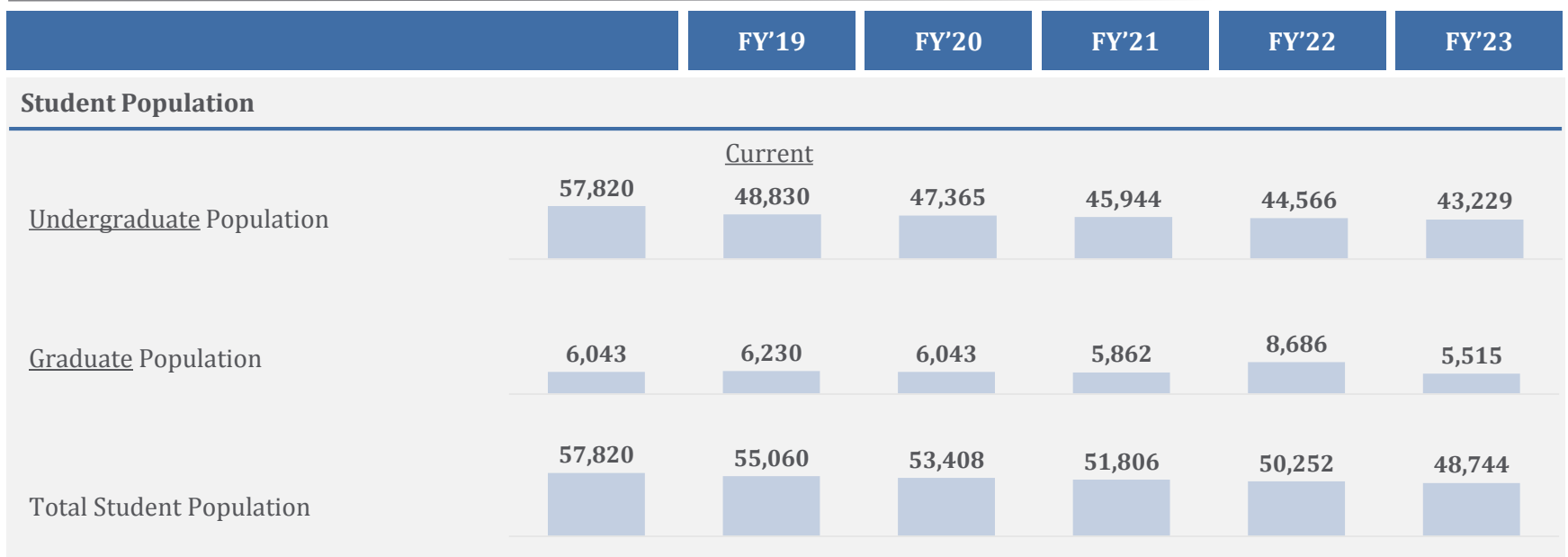


UPR Fiscal Plan considering Measures

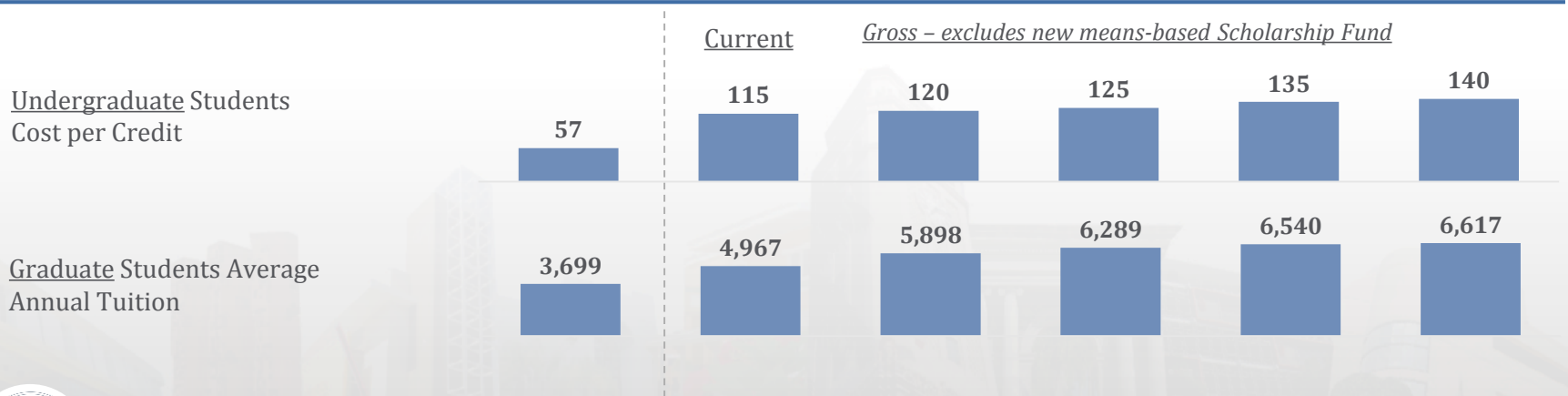
(\$000's)	FY'18 - Base	FY'18 - Maria Adj	FY'19	FY'20	FY'21	FY'22	FY'23
Total Central Government Appropriations	\$708,369	\$708,321	\$645,909	\$559,875	\$488,850	\$465,861	\$441,861
Total Operating Receipts	\$301,808	\$253,672	\$366,745	\$360,861	\$362,618	\$368,415	\$364,198
Total Intra-Government Receipts	\$285,814	\$242,942	\$281,524	\$290,814	\$295,814	\$300,814	\$305,814
<u>Disaster Relief Receipts</u>							
Insurance Proceeds	-	\$15,000	\$65,000	\$20,000	-	-	-
FEMA Receipts	-	-	-	20,000	-	-	-
Total Disaster Relief Receipts	-	-	-	-	-	-	-
Total Receipts	\$1,295,991	\$1,219,934	\$1,359,177	\$1,251,550	\$1,147,282	\$1,135,090	\$1,111,873
<u>Operating Disbursements:</u>							
Total Operating Disbursements	(\$1,160,063)	(\$1,115,825)	(\$1,122,547)	(\$1,066,992)	(\$1,041,869)	(\$1,025,213)	(\$1,020,543)
Total Disaster-related Disbursements	-	(\$15,000)	(\$65,000)	(\$40,000)	-	-	-
Capital Expenditures	(61,790)	(28,077)	(30,895)	(30,895)	(30,895)	(30,895)	(30,895)
Equipment	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)
Total Disbursements	(\$1,233,406)	(\$1,170,455)	(\$1,229,995)	(\$1,149,440)	(\$1,084,317)	(\$1,067,661)	(\$1,062,991)
Net Cash Flow (before Pension Payment & DS)	\$62,585	\$49,479	\$129,183	\$102,109	\$62,965	\$67,429	\$48,881
Pensions Payment	(\$66,329)	(\$66,329)	(\$76,376)	(\$79,598)	(\$82,570)	(\$85,108)	(\$87,744)
Debt Payment	(\$64,415)	(\$64,415)	(\$48,252)	(\$48,252)	(\$48,252)	(\$48,252)	(\$48,252)
Net Cash Flow	(\$68,159)	(\$81,265)	\$4,554	(\$25,741)	(\$67,858)	(\$65,931)	(\$87,115)



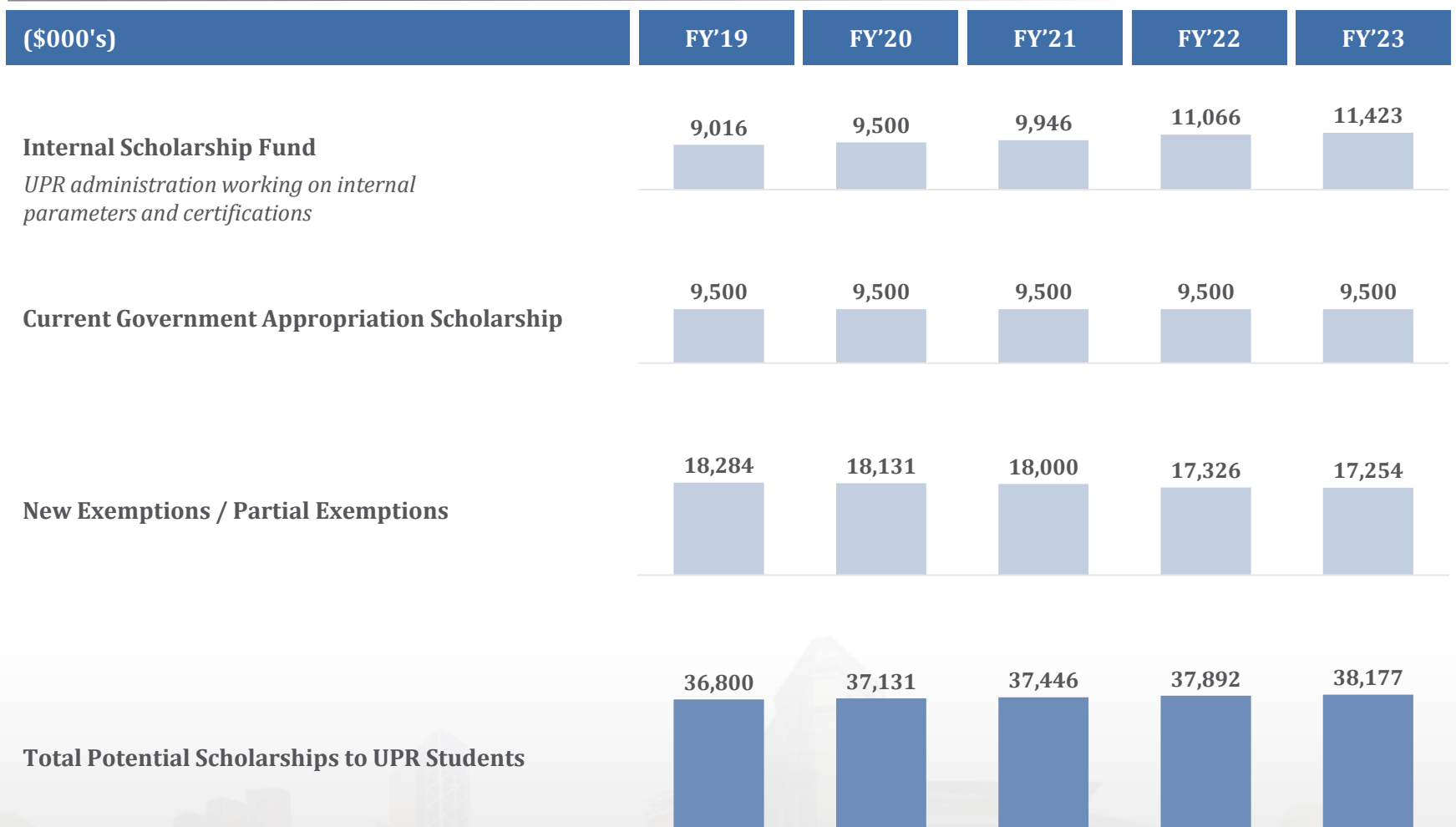
UPR Fiscal Plan Summary of Tuition Adjustment



Tuition Credit Adjustment



UPR Fiscal Plan Summary of Tuition Adjustment – Scholarship Funds



Additionally, as part of the UPR Transformation, the revamped UPR Endowment Fund is expected to provide greater monetary support to UPR students



Conglomerate Transformation – Leaner Administrative Structure

		FY'19	FY'20	FY'21	FY'22	FY'23
Attrition Analysis						
1	Attrition on Federal Funds Personnel	0%	0%	0%	0%	0%
2	Attrition on Transitory / Temporary Personnel	20%	25%	25%	0%	0%
3	Attrition on Faculty Personnel	3.7%	0%	0%	0%	0%
4	Attrition on Faculty - Administrative Personnel	5.15%	2%	2%	2%	0%
5	Attrition on Non-Faculty	5.15%	2%	2%	2%	0%
	FP 2.0					
	Total Headcount	12,779	11,937	11,452	11,056	10,919
	Total Savings (\$000's)		\$35,941	\$50,116	\$62,740	\$71,067

Active employees as of August 20, 2018 decreased by 983 employees over a one year period

Attrition Mechanisms

- 1 General Attrition based on historical average of over 3.0% net attrition
- 2 New University-wide Conglomerate Structure
- 3 Possible Voluntary Leave Program on Satellite Campuses



Conglomerate Transformation – Personnel Expense Adjustment for FY'19

Active Roster as of 08/15/17	Active Roster as of 08/20/18	Variance	Estimated savings annualized for FY'19	Actual Expense in FY'18	Adjusted Expense for FY'19
11,350	10,367	-983	-\$12.5MM or 25% of total annual potential impact	\$697.4MM	\$684.9MM

Active roster does not include all open positions

UPR Administration & Board will be actively monitoring monthly cash flow reporting for personnel expense to ensure compliance with the Revised Fiscal Plan and, if necessary, execute any preemptive measures to meet FY'19 personnel target

(\$000's)	Actuals (as of 06/30/18)	UPR April Fiscal Plan	FOMB Fiscal Plan	UPR Revised Fiscal Plan
Payroll	\$408,746	\$702,927	\$684,901	\$684,948
Payroll Discount (includes pension payment)	\$288,684	<i>Combined with Payroll</i>	<i>Combined with Payroll</i>	<i>Combined with Payroll</i>
Total Personnel Expense (excl. Medical Plan)	\$697,429	\$702,927	\$684,901	\$684,948
Medical Plan	\$67,923	\$47,093	\$45,408	\$67,923
Total Personnel Expense	\$765,352	\$750,020	\$730,308	\$752,871



Debt Sustainability

The current Fiscal Plan indicates that there is no capacity to sustain any debt during the Fiscal Plan period

- Cash flows available for debt service (post capex and pension payments) are projected to be negative through the projection period

As of July 2018, UPR had ~\$451 million in outstanding indebtedness composed of \$389 million of Revenue Bonds and \$62 million of AFICA Bonds

- Average weighted interest rate of 5.00% for the Revenue Bonds and 5.25% for the AFICA bonds

UPR financial summary post measures (\$ in millions)

	FY'19	FY'20	FY'21	FY'22	FY'23	Total
Central Government Appropriations	\$645,909	\$559,875	\$488,850	\$465,861	\$441,861	\$2,602,356
Operating Receipts	366,745	360,861	362,618	368,415	364,198	1,822,836
Federal Fund Receipts	281,524	290,814	295,814	300,814	305,814	1,474,780
Disaster Relief Receipts	65,000	40,000	-	-	-	105,000
Total Revenue	\$1,359,177	\$1,251,550	\$1,147,282	\$1,135,090	\$1,111,873	\$6,004,972
Operating Disbursements	(\$1,122,547)	(\$1,066,992)	(\$1,041,869)	(\$1,025,213)	(\$1,020,543)	(\$5,277,165)
Disaster Relief Disbursements	(65,000)	(40,000)	-	-	-	(105,000)
Total Expenses	(\$1,187,547)	(\$1,106,992)	(\$1,041,869)	(\$1,025,213)	(\$1,020,543)	(\$5,382,165)
Operating Cash Flow	\$171,631	\$144,557	\$105,413	\$109,877	\$91,329	\$622,806
CAPEX	(30,895)	(30,895)	(30,895)	(30,895)	(30,895)	(154,475)
Equipment	(11,553)	(11,553)	(11,553)	(11,553)	(11,553)	(57,765)
Pension Payments	(76,376)	(79,598)	(82,570)	(85,108)	(87,744)	(411,397)
Net CF available for Debt Service	\$52,806	\$22,511	(\$19,606)	(\$17,679)	(\$38,863)	(\$831)
Beginning Cash Balance	\$225,895	\$230,450	\$204,709	\$136,851	\$70,920	\$868,825
Ending Cash Balance	\$230,450	\$204,709	\$136,851	\$70,920	(\$16,195)	\$626,734

Note: As indicated on the Fiscal Plan, debt sustainability analysis is creditor agnostic, i.e. it does not take into account the rights and interests of creditors or allocate value of them.

