

Report to the
Faculty, Administration, Trustees, and Students
of

University of Puerto Rico Rio Piedras

By
A Team Representing the
Middle States Commission on Higher Education

Prepared After a
Follow-Up Visit to the Institution on:
April 2-7, 2011

The Visitor(s):
Dr. Estela López (Chair)
Former Vice Chancellor for Academic Affairs
Connecticut State University System

Mr. John Palmucci
Vice President for Finance and Treasurer Emeritus
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Working with the Visitors:
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Mr. Richard Pokrass

Institutional Officials:
Dr. Miguel Muñoz, Interim President

Prof. Ibis L. Aponte-Avellanet
Vice President for Academic Affairs

Ms. Ygri Rivera
President, Board of Trustees

Dr. Ana Guadalupe
Chancellor, UPR Río Piedras

I. Institutional Overview (from the follow-up report)

The Rio Piedras Campus of the University of Puerto is a public, comprehensive doctoral institution, the oldest and most complex of eleven units within the University of Puerto Rico System. Classified as a High Level of Research University by the Carnegie Foundation, UPR-RP offers 70 undergraduate programs and 19 graduate degrees. The graduate offer includes 12 PhDs, one Doctorate in Education, and international programs in Law, at both LLM and JD levels. UPR-RP grants an average of 3,000 degrees a year.

The Campus serves over 15,000, of whom 18% are graduate students, and has a total of 3,068 employees, of whom 34% (1,050) are faculty, two-thirds of whom have the highest degrees from universities all over the world, and 66% (2,018) are support personnel.

II. Nature and Conduct of the Visit

On November 18, 2010, The Middle States Commission on Higher Education took the following action:

To continue the institution's probation due to a lack of evidence that the institution is in compliance with Standard 3 (Institutional Resources) and Standard 4 (Leadership and Governance). To request a monitoring report due by March 1, 2011, documenting evidence that the institution has achieved and can sustain ongoing compliance with Standards 3 and 4, including, but not limited to (1) five-year financial projections for the UPR System including information from audited financial statements for fiscal year 2010; (2) institutional pro-forma budgets that demonstrate the institution's ability to generate a balanced budget for fiscal years 2012 through 2015, including the personnel, compensation, and other assumptions on which these budgets are based (Standard 3); (3) evidence of implementation of clear institutional policies specifying the respective authority of the different governance bodies and their respective roles and responsibilities in shared governance; (4) evidence that the Board of Trustees assists in generating resources needed to sustain and improve the institution; (5) evidence of a procedure in place for the periodic objective assessment of the Board of Trustees in meeting stated governing body objectives and responsibilities; (6) evidence that steps have been taken to assure continuity and stability of institutional leadership, particularly in times of governmental transition; (7) evidence that the UPR Action Plan is implemented, that it is assessed, and the data are used for continuous improvement of the institution's processes; (8) evidence that steps have been taken to improve shared governance, especially in documenting how campus input is solicited and considered in decision making at the System level; and (9) evidence that communication between the Central Administration and the institution and within the institution, is clear, timely, and accurate, and that the sources of such communications are clearly defined and made available to all constituents (Standard 4). An on-site evaluation will follow submission of the March 1, 2011 report.

The Visiting Team considered UPR-Rio Piedras progress with regard to two Standards. The Team reviewed the monitoring report and supporting documents. During the visit the Team met with different campus constituencies including administrators, faculty, students, non-teaching staff, and members of the Brotherhood workers union.

III. Commendations and Summary of Institutional Strengths

The University should be commended for making sound decisions and careful planning to offset the budget cuts.

IV. Compliance with Accreditation Standard(s) Under Review

The Visiting Team considered UPR Rio Piedras progress with regard to the following two Standards:

Standard 3: Institutional Resources

The commission continued the probationary status of the Rio Piedras Campus over Standard 3 and requested a (1) five year financial projection for the UPR system including information from the audited financial statements for fiscal year 2010; (2) institutional pro-forma budgets that demonstrates the institution's ability to generate a balanced budget for fiscal year 2012 through 2015, including the personnel, compensation, and other assumptions on which these budgets are based.

The Central Administration continues to work on the audit for FY 2010, which has been delayed for some time and has placed the campus in a very difficult situation. A working draft was reviewed and the loss after Commonwealth Appropriations and other non-operating revenues and expenses was \$26,655,400. The projection for FY 2011 is a loss of \$62,000,000 and for FY 2012 a loss of \$24,000,000. Rio Piedras has little control over the production of the audit. They monitor their own budget and have ready access to the budget information. Monthly reports are produced and shared as a means of controlling expenditures and assessing activities.

Measures in effect to cut costs include a pause in replacing retirements of staff and replacing faculty on a 1 for every 3 retirements, elimination of the sick leave reimbursements, reductions in fringe benefits and a reduction in Christmas bonus. Revenue increases are a result a 4% tuition increase, an \$800 Stabilization Fee and efforts to increase grants, contracts and gifts.

The Central Administration reduced the FY 2011 budget by \$39,295,041. This would have resulted in a deficit for the year and through a combination of activities a surplus of \$7,163,351 was projected for FY 2011. The Central Administration Budget Office did cover the difference in the new insurance premium however they also requested an additional \$2,000,000 to cover the retirement costs. The projection at year-end was revised and is estimated to be \$3,500,000 to \$4,000,000 depending on utility costs for the remainder of the year. For FY 2012 another reduction of \$12,365,151 a 5.12% reduction from FY 2011 is expected. Other cost savings and revenue-producing measures are underway including savings of \$10,962,243 from retirement savings, fringe benefits, Christmas bonus and health insurance to balance the budget. The University is working toward reducing the high percentage of salaries and benefits currently 85% of the budget to 76% by FY 2015.

Continuation and expansion of external funding activities, including summer programs and continuing education, grants and contracts and fundraising will continue the revenue enhancement. Included is a working capital fund of \$350,000 to provide seed money for grant writing and contract development.

The ongoing assumptions are clearly documented and realistic. The result is a projected surplus for the year-end and for subsequent years. The Institution has successfully integrated the budget into the planning process and has developed an ongoing assessment of the results of the financial plan.

The Visitor Team believes that the Rio Piedras Campus is in compliance with the requirements for Standard 3

Standard 4: Leadership and Governance

Regarding (3) **evidence of implementation of clear institutional policies specifying the respective authority of the different governance bodies their respective roles and responsibilities in shared governance**

Both the Central Administration and the UPR-Rio Piedras have clear institutional policies specifying respective authority.

(4) **Evidence that the Board assists in generating resources needed to sustain and improve the institution.** The Board is assisting in the following manner: they secured funding from the state and also a line of credit. They reduced fringe benefit costs. Instituted the \$800 stabilization fee; increased tuition by 4%; and continue to talk with the Government for the purpose of securing continuous support for the university.

Nevertheless, strategic thinking about the university heavy reliance on government funding is not at the forefront of their plan.

Budget forecast do not provide for incentives for campuses that are effectively dealing with the declining budgets and are trying to identify new sources of funding to support campus initiatives.

(5) **Evidence of a procedure in place for the periodic objective assessment of the Board of Trustees is meeting stated governing objectives and responsibilities** – The Board has initiated an assessment process and needs to continue it.

(6) **Evidence that steps have been taken to assure continuity and stability of institutional leadership, particularly in times of governmental transition.** At present the Rio Piedras campus has a number of top administrators that are interim in their positions.

(7) **Evidence that the UPR Action Plan is implemented, that it is assessed, and the data are used for continuous improvement of the institution's process** – UPR has an ambitious Action Plan and the System is in the process of implementing it and measuring results. The Team found

no evidence that data is being used for continuous improvement of the institutional processes. Although the audit report is a critical financial too, at this time it is not available to the campus.

(8) Evidence that steps have been taken to improve share governance, especially in documenting how campus input is solicited and considered in decision making at the System level. At the Campus level although the structure for shared governance exists, it is not functioning appropriately because of a climate of mistrust. Decisions are being perceived as top down and made without taking into account input from the different sectors. Members of the university community acknowledge the need to create consensus, yet they do not see evidence of campus leadership working on this direction.

The Team also found a strong sense that although input is being solicited by the Central Administration, it is not considering it in the decision making. The Visiting Team urges all UPR senior administrators and also members of the Board of Trustees to conduct campus visits and hold listening sessions for all constituency groups. It is essential that real trust is built through transparency and true dialogue.

(9) Evidence that communication between the Central Administration and the institution and within the institution, is clear, timely, and accurate, and that the sources of such communication are clearly defined and made available to all constituents. The Visiting Team heard the campus being described on numerous occasions as a fragile environment. From the evidence reviewed, the Visiting Team also found a fractured campus with different perspectives that sometimes are in opposition to each other. Improving communication was identified as a critical component for moving forward. Although many channels for communication exist, there appears to be a lack of constructive dialogue or acceptance of differences in opinion.

This deteriorating climate of trust needs to be addressed by the Chancellor.

Central Administration needs at this time to promote policies that support entrepreneurial and timely actions that can promote creative solutions to address very serious fiscal challenges. Central Administration needs to continue making progress in engaging campus constituencies. Delay in critical reporting and support may jeopardize campus accreditation.

Regarding Standard 4 - Leadership and Governance, the Commission on Higher Education expects “a climate of shared collegial governance in which all constituencies (such as faculty, administration, staff, students and governing board members, as determined by each institution) are involved in carrying out the institution’s mission and goal participate in the governance function in a manner appropriate to that institution. Institutions should seek to create a governance environment in which issues concerning mission, vision, program planning, resources allocation and others, as appropriate, can be discussed openly by those who are responsible for each activity.” Based on the evidence reviewed by the Visiting Team, **we find that UPR Rio Piedras is not in compliance with Standard 4.**

Recommendations:

1. The Visiting Team urges the Chancellor of UPR Rio Piedras to work with the governance bodies to ensure their true participation and input, to promote trust and transparency so the campus can move forward.
2. The Visiting Team urges all UPR senior administrators as well as Board of Trustees members to conduct campus visits and hold listening sessions at each campus for all constituency groups in order to promote transparent dialogue. Delays in producing critical reports and timely support may jeopardize campus accreditation.
3. Given the financial challenges, the Visiting Team recommends that the campus constituencies openly discuss resource allocation based of campus priorities.
4. The Team recommends that Central Administration budget forecast provide for incentives for campuses that are effectively dealing with the declining budgets and are trying to identify new sources of funding to support campus initiatives.

Requirement:

1. The Visiting Team requires UPR Rio Piedras to provide the means through which authority and responsibility are assigned, delegated, and shared in a climate of trust, mutual support and respect.
2. The Visiting Team also requires UPR Rio Piedras to provide evidence of an effective process and opportunities for student input regarding decision that affect them, including evidence that student input is considered in decision making.