

AMENDED

January 15, 2020

The Honorable Raúl M. Grijalva
Chair of The House Committee on Natural Resources
US House of Representatives
Congress of the United States
1511 Longworth HOB
Washington, DC 20515

Dear Congressman Grijalva:

SUPPORT OF LEGISLATION TO AMEND PROMESA

Thank you for the opportunity to submit a written statement with comments regarding the Legislation to amend the Puerto Rico Oversight, Management and Economic Stability Act of 2016 (also known as PROMESA, Public Law 114-187) under the consideration of the Natural Resources Committee. I also commend you and Ranking Member Robert Bishop for the initiative.

The University of Puerto Rico (UPR) was established by Puerto Rico Law Number 12 of March 1903. Currently, it has an enrollment of approximately 52,000 students and offers 649 academic programs throughout its eleven campuses. UPR has the highest annual graduation rate among all higher education institutions on the island.

Prior to the enactment of PROMESA, the University received from the central government a formula-based appropriation established by Law Number 2 of 1966. Since Fiscal Year 2017-2018, UPR has seen a reduction of an accumulated \$379 million dollars or 43% in the funds allocated to the institution from the central government budget. The Fiscal Oversight Management Board (FOMB) created under PROMESA just requested an additional cut of \$71 million, and an additional contribution to the employee pension of \$80 million, which must come from an already significantly reduced operational budget that supports the minimum standards for UPR.

In light of the significant funding cuts of around \$425M (or around 54%), the University has engaged in an urgent, yet effective, work plan to create new sources of funding and reduce costs. This includes improving productivity, while maintaining or even improving academic excellence. UPR developed an action plan with a specific timeline that is included in the Fiscal Plan submitted to the FOMB in compliance with the requirements established by PROMESA.

Although the University is complying with its action and fiscal plan as approved by the FOMB, and it is headed towards achieving its intended results, increases in its

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investments in key areas are necessary to remain competitive. Among these key areas are: faculty recruitment; increased minimum wage; additional income programs; investment in student services; financial systems and cloud infrastructure; and pension reform, among others. Investment in those key areas will result in modernization of its offers and a better allocation of resources for the academic community. It would specifically benefit the students directly in the short-, mid-, and long-term.

The financial adjustments made by UPR are the result of more effective management practices and use of funds, as well as a culture of transparency and reporting throughout all units and campuses. This institutional transformation is continuous. As a result, once full funding is reinstated the use of funds will be used optimally, resulting in a return on investment that would be measured with tangible metrics.

The University of Puerto Rico fully supports reinstating the funds for its operation as established by Puerto Rico Law Number 2 of 1966 or, \$800,000,000 annually until termination of the Oversight Board pursuant to section 209 as included in Section 7 of the Legislation amending Section 201 (b) (1) (B) of PROMESA. These funds will allow the fulfillment of its major role as an essential public service that is able to comply effectively with its obligations and accreditation requirements. We appreciate the concern and action taken by the proposed amendment to PROMESA and commend you for leading the initiative.

Do not hesitate to contact me if I can be of further assistance.

Regards,



Jorge Haddock