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

UNIVERSITY OF PUERTO RICO – AGUADILLA

Aguadilla, PR

by
A Visitor/Team Representing the
Middle States Commission on Higher Education

Prepared After a
Show Cause Visit to the Institution on:
February 3-6, 2019

The Visitor(s):

<table>
<thead>
<tr>
<th>NAME</th>
<th>TITLE</th>
<th>INSTITUTION</th>
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<tbody>
<tr>
<td>Dr. George Pruitt</td>
<td>President Emeritus</td>
<td>Thomas Edison State University</td>
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<tr>
<td>Dr. Bronte Burleigh-Jones</td>
<td>Vice President for Administration</td>
<td>Dickinson College</td>
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<tr>
<td>Dr. David Hollowell</td>
<td>Vice President for Administration (Emeritus)</td>
<td>University of Delaware</td>
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<td>Mr. Lloyd Ricketts</td>
<td>Treasurer</td>
<td>The College of New Jersey</td>
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<td>Dr. James Sunser</td>
<td>President</td>
<td>Community College</td>
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Working with the Visitor(s):

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<tr>
<td>Dr. Hilda Colón Plumey</td>
<td>Vice President</td>
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<td>Dr. Idna M. Corbett</td>
<td>Vice President</td>
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<tr>
<td>Dr. Heather Perfetti</td>
<td>Senior Vice President for Legal Affairs and Chief of Staff</td>
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<tr>
<td>Mr. Brian Kirshner</td>
<td>Director of Communications and Public Relations</td>
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At the Time of the Visit:

President/Chief Executive Officer for the UPR System: Dr. Jorge Haddock, President
Chair of the Governing Board: Mr. Walter Alomar, Esq. President of the Governing Board

At UPR – Aguadilla:

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<th>Position</th>
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<tr>
<td>Chief Executive Officer</td>
<td>Dr. Ivelice Cardona Cortés</td>
<td>Interim Chancellor</td>
</tr>
<tr>
<td>Chief Academic Officer</td>
<td>Dr. Sonia Rivera</td>
<td>Interim Dean of Academic Affairs</td>
</tr>
<tr>
<td>Accreditation Liaison Officer</td>
<td>Prof. Gerardo Javariz Cordero</td>
<td>MSCHE Liaison Officer</td>
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I. Institutional Overview

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

On July 7, 2017, the Governing Board elected Walter Alomar, Esq., as President, and Zoraida Buxó, Esq., as Vice President. On July 3, 2018, the Board appointed Dr. Jorge Haddock President of the University of Puerto Rico. Dr. Haddock assumed its position on September 4, 2018.

With the approval of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) in 2016, the island entered a challenging debt restructuring and economic development process under the purview of the Puerto Rico Oversight Board. The University of Puerto Rico, as a state-supported, higher education institution, was among the agencies targeted for a considerable funding reduction. The 11 campuses of the UPR System will be impacted by a reduction in state funding (state appropriations). In order for UPR to fulfill its mission and achieve financial sustainability, the 11 campuses, along with the support of the UPR Central Administration, will secure additional funding. Some of the strategies to respond to the island’s new reality and a new generation of students include the sale of services, use of technology to increase efficiency, and transformation of the educational offerings, based on assessment findings.

The University of Puerto Rico at Aguadilla (UPRAg) was originally established as Aguadilla Regional College on April 7, 1972 and started its operations on August 1972. UPRAg offers 12 Bachelor’s degrees and two Associate’s degrees. It also offers 32 articulated transfer programs to other UPR campuses. Courses are offered on a 15-week semester basis, and several courses are also offered during the summer term. The institution holds specialized accreditations for several of its programs including the Elementary and English Education program (CAEP), the Business Administration Program and the Office Systems Program (ACBSP), the Electronic Technology Program (ABET) and the Counseling and Psychological Services Department (IACS). Enrollment at the UPRAg is currently 3,140 students, most (88%) are seeking a Bachelor’s degree. Most of the students (93%) are full time and receive some form of financial aid (84%). Of the undergraduate students, 56% are female and 44% are male.

II. Nature and Conduct of the Visit

As a result of the Commission action of January 10, 2019, a Show Cause Team was charged with visiting the University of Puerto Rico – Aguadilla to determine compliance with MSCHE Standard of Accreditation VI and Requirements of Affiliation 11 and 14 and the Related Entities Policy.

Commission Action of January 10, 2019:

To acknowledge receipt of the supplemental information report. To note that the report did not provide the requested evidence and was not conducive to Commission review. To require the institution to show cause, by January 25, 2019, to demonstrate why its accreditation should not be withdrawn because of insufficient evidence that the institution is in compliance with Standard VI (Planning, Resources, and Institutional Improvement), Requirements of Affiliation 11 and 14, and the Related Entities Policy. To note that the institution remains accredited while on show cause. To note further that federal regulations
limit the period during which an institution may be in non-compliance to two years. To require a show cause report, due January 25, 2019, documenting evidence that the institution has achieved and can sustain ongoing compliance with the Commission’s standards, requirements, policies and procedures, and federal compliance requirements. The show cause report must include evidence of (1) documented financial resources, funding base, and plans for financial development adequate to support its educational purposes and programs and to ensure financial stability (Standard VI and Requirement of Affiliation 11); (2) updated information on the impact of the Fiscal Oversight Management Board's plan and proposed restructuring on the institution's status and finances (Standard VI); (3) an annual independent audit confirming financial viability with evidence of follow-up on any concerns cited in the audit’s accompanying management letter (Standard VI); (4) a record of responsible fiscal management, has a prepared budget for the current year, and undergoes an external financial audit on an annual basis (Standard VI and Requirement of Affiliation 11); and (5) certification by the related entity that it recognizes the Commission's compliance requirements and will ensure that responsibilities of the related entity are fulfilled, including making freely available to the Commission accurate, fair, and complete information through disclosure of information required by the Commission to carry out its accrediting responsibilities (Related Entities Policy; Requirement of Affiliation 14). To require that the institution complete and submit for approval, by January 25, 2019, a comprehensive, implementable teach-out plan (Teach-Out Plans and Agreements Policy and Procedures). In accordance with Commission policy and federal regulations, the teach-out plan must provide for the equitable treatment of students to complete their education, if the Commission were to withdraw accreditation, and include any signed, teach-out agreements that the institution has entered into or intends to enter into with another institution. To direct an on-site show cause visit following submission of the report. The purpose of the on-site show cause visit is to verify the information provided in the show cause report and the institution’s ongoing and sustainable compliance with the Commission’s standards, requirements, policies and procedures, and federal compliance requirements. To direct a prompt Commission liaison guidance visit to discuss the Commission's expectations. To note that the institution will be invited to appear before the Commission when it meets to consider the institution’s show cause report. The date of the next evaluation will be determined upon reaffirmation of accreditation.

List of individuals or groups with whom the team members met:

- Dr. Jorge Haddock, President UPR
- UPR Governing Board, Mr. Walter Alomar, Esq., President
- Fiscal Oversight Management Board, Mr. Kyle Rifkind, Legal Counsel
- Dr. Ricardo Rosselló, Governor of the Commonwealth of Puerto Rico
- Dr. Ubaldo Córdova, Vice President, UPR System
- Mr. Antonio Tejera, Vice President for Fiscal Affairs, UPR System
- Dr. Juanita Villamil, Acting Associate Vice President for Academic Affairs, UPR System
- Dr. José Perdomo Rivera, Associate Vice President for Student Affairs, UPR System
- Prof. Carmen R. Bachier Cintrón, Associate Vice President for Research and Innovation
- Mr. Oscar Javier Rodríguez Córdova, Director, Budget Office
- Ms. Evelyn Muñoz Figueroa, Director, Information System Office
- Ms. Marisol Cosme, Associate Director, Budget Office, UPR System
- Ms. Joan M. Hernández Marrero, Esq., Executive Assistant to the UPR President, Public Relations/Communications
- Dr. Ivelice Cardona Cortés, Interim Chancellor, UPR – Aguadilla
- Dr. Sonia Rivera González, Interim Dean for Academic Affairs, UPR – Aguadilla
- Mr. Gerardo Javariz Cordero, ALO, UPR – Aguadilla
- Mrs. Eileen Vega, Budget Director
- Mrs. Damaris Pérez, Finance Director
Documents reviewed before and during the visit:
See Appendix A

III. Affirmation of Compliance with Requirements of Affiliation Under Review

Based on a review of the Show Cause Report and appendices, interviews, and other institutional documents, the team cannot affirm that the institution meets Requirement of Affiliation 11. See findings for Standard VI.

Based on a review of the Show Cause Report and appendices, interviews, and other institutional documents, the team can affirm that the institution meets Requirement of Affiliation 14 and the Related Entities Policy.

Third-party comments were considered by the Team. Those comments presented areas of concern already addressed through the institutional reports and the team’s on-site interviews with the Central Administration and the institutions

IV. Commendations and Summary of Institutional Strengths

The Team notes the following institutional strengths:
1. Commend the University of Puerto Rico for conducting a comprehensive international search to identify new leadership for the institution where the qualifications of the candidate were the primary consideration for selection.
2. Commend the governor for his decision to depoliticize the presidential search and strengthen the interaction between Governor and UPR President by providing the new President with the autonomy and authority to make the necessary cultural and operational changes required at the institution.
3. Commend the Governing Board for vesting in the President the authority and autonomy to provide executive leadership to the university.

V. Compliance with Accreditation Standard(s) Under Review

Standard VI (Planning, Resources, and Institutional Improvement)

The visitors’ judgment is that, at this time, the institution appears to be not in compliance with this standard.

Summary of Key Evidence and Developments:
1. The system has managed the debt service in a timely manner during the period of forbearance and remains in compliance with all debt covenants and will negotiate a restructured debt plan in recognition of the expiration of the forbearance agreement on June 30, 2019.
2. The institution has developed a five-year financial plan (FY19-FY23) that reflects the agreed upon reduction in state appropriations during the period.
3. The UPR President and Chancellors have begun to assess the feasibility of various organizational restructuring opportunities to realize operational efficiencies and savings.
4. External consultants have been secured to assist the campuses complete the necessary actions required to ensure completion of outstanding audit reports.
5. The institution has submitted the required teach out plan despite the short timeline for its development and the unusual circumstance of having all (11) institutions required to do so.

Requirement:
1. The institution must provide timely and accurate financial audits; i.e. FY 2017 Single Audit and FY2018 Financial Statement Audit to the Commission, US Department of Education, and other parties as required by regulation and/or law.

Recommendations: Institutional actions needed to maintain compliance with the standard.
1. The institution should improve annual closing processes by designing and implementing effective monitoring controls over the financial information.
2. The system and institution should revise the multi-year financial plan to achieve a balanced budget by the final year of the plan and is sustainable going forward.
3. The institution should establish mechanisms for monitoring and validating the assumptions embedded in the plan and adjusting as necessary to achieve its stated goals.
4. The team recommends that consideration be given to decentralizing to each campus responsibility for financial reporting, preparation of the annual audit and timely submission of certified reports to the commission and other interested parties.
5. The UPR President and Chancellors should engage in the further planning and implementation of restructuring for sustainability and pursue substantive change approval where necessary through the Commission.

Suggestions:
None

Standard VII (Governance, Leadership and Administration)

The visitors’ judgment is that, at this time, the institution appears to be in compliance with this standard.

Recommendation:
The Governor and the UPR Governing Board should continue their commitment to grant the UPR President the authority and autonomy required to fulfill the responsibilities of the position free from inappropriate political interference.

VI. Summary of Compliance

Based on a review of the Show Cause Report and appendices, interviews, and other documents reviewed during the visit, the team draws the following conclusion:

- The institution appears to be not in compliance with Standard VI and Requirement of Affiliation 11.
- The institution appears to be in compliance with Requirement of Affiliation 14 and the Related Entities Policy.
Appendix A

Additional Documents Provided by the UPR Institutions

- Revenues and Expenses Reports from each Institution FY 2017 & FY 2018
- UPR Strategic Plan in English and Spanish
- FOMB Fiscal Plan from October 2018
- Resolution 976 of the Senate of Puerto Rico
- US Trust Statement for UPR Central Dec 1-28, 2018 showing reserves to Bond Payments
- Internal Financial Operations Schedules and compliance - 2018 Audit Closing
- Summary of FEMA transfers mostly for mold abatements (Emergency Management)
- FOMB revised Fiscal Plan for UPR rev Jan 16, 2019
- Ernst & Young Calendar of Activities to meet deadline for FY 17 Single audit to 2/28/2019 and for FY 2018 audit to 4/30/2019.
- USDE letter extending the FY 17 single audit
- Student Financial Aid and Current Scholarships Program Working Document - Proposal Under Consideration by UPR Central Administration