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Robert F. Mujica Jr.
Executive Director

BY ELECTRONIC MAIL

May 23, 2026

The Honorable Jenniffer A. González Colón
Governor of Puerto Rico

Re: Proposed Revised 2021 UPR Fiscal Plan – Notice of Violation

Dear Governor González Colón:

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) acknowledges receipt of the proposed Revised 2021 Fiscal Plan for the University of Puerto Rico (“UPR”), submitted by UPR on April 8, 2026, covering Fiscal Years 2022 through 2027 (the “Proposed Revised Plan”), including Annex 2. The Oversight Board has reviewed the Proposed Revised Plan and determined that certain revisions are required for it to be certified in accordance with the Puerto Rico Oversight, Management, and Economic Stability Act (“PROMESA”). Accordingly, this letter serves as a notice of violation pursuant to PROMESA Section 201(c)(3)(B).

The Oversight Board recognizes and appreciates the Government’s and UPR’s efforts in revising the fiscal plan and extending financial projections through Fiscal Year 2027 (“FY2027”). As Puerto Rico’s largest public university system and a key driver of socioeconomic mobility, research, and workforce development, UPR plays an essential role in the Island’s long-term economic growth and resilience.

The Nature of The Revision

The revision of the Certified 2021 UPR Fiscal Plan updates such fiscal plan to maintain a fiscal plan covering no less than five fiscal years. As such, the Proposed Revised Plan extends the forecast horizon through FY2027 to facilitate certification of the FY2027 UPR Budget under PROMESA Section 202. It does not introduce new revenue or expenditure measures, and the Oversight Board has not asked UPR to do so as part of this revision.

This is the first procedural step required for the Oversight Board, the Government, and UPR to allow for the FY2027 UPR Budget to be certified by June 30, 2026. The subsequent fiscal plan certification allows for a timely budget cycle as required by PROMESA. In addition, limiting the certification through FY2027 provides an opportunity for a subsequent more thorough fiscal plan revision in coordination with the Government, UPR, and the Oversight Board.

Summary Observations on the Proposed Revised Plan

The Proposed Revised Plan presents a FY2027 position that closes the projected pre-debt service funding gap in nominal terms. However, the manner in which balance is achieved relies on assumptions that depart from the Certified 2021 UPR Fiscal Plan framework in important respects. Post-certification and non-recurring funding sources are incorporated as ongoing resources without corresponding adjustments to baseline projections; federal grant revenue is projected at levels elevated relative to historical execution; and expenditure projections are not updated to reflect current operational realities. The cumulative effect is an FY2027 position that is balanced in form but does not demonstrate structural balance under the Certified 2021 UPR Fiscal Plan framework.

Additionally, the Proposed Revised Plan does not provide the supporting documentation, underlying methodologies, or analytical detail necessary to substantiate its key assumptions and projections, including the updated financial references for FY2024 and FY2025, the federal grant related expenditures assumptions for FY2027, and the basis for the treatment of post-certification appropriations and other alternative funding sources. The Oversight Board's certification function under PROMESA depends on the ability to evaluate assumptions against supporting data and traceable analysis. Submissions that present results without that supporting basis cannot be assessed on the merits, and for certification purposes, absence of documentation must be read as absence of support. The Oversight Board flags this not only as a deficiency to be remedied within the time available for the FY2027 budget cycle, but as a baseline expectation for the comprehensive new UPR fiscal plan: every material assumption, projection, and proposed measure should be accompanied by the supporting documentation, methodology, and reconciliation necessary to allow independent verification by the Oversight Board.

To enable certification within the time available for the FY2027 UPR Budget, the Proposed Revised Plan must be brought into formal compliance with the Certified 2021 UPR Fiscal Plan framework. The specific revisions required for that purpose are summarized at the end of this letter.

A Comprehensive New UPR Fiscal Plan

The 2021 UPR Fiscal Plan was certified on May 27, 2021, five years ago this week. It was developed against a set of macroeconomic, demographic, and institutional assumptions that no longer fully correspond to the conditions in which UPR operates. Enrollment has contracted further than the 2021 framework projected, and demographic projections for Puerto Rico's college-age population have continued to deteriorate. The pension reform pathway contemplated by the certified plan has been only partially authorized by UPR's Governing Board and remains partially implemented.

UPR has also experienced substantial leadership turnover in recent years that has materially affected the execution of transformation initiatives previously agreed by the institution. Three individuals have served as UPR President in less than two years, and the UPR Office of Development, Innovation and Transformation has cycled through five directors in approximately sixteen months. Multi-year measures and milestones of the kind the Certified 2021 UPR Fiscal Plan contemplates are difficult to sustain through transitions of this frequency.

The instability experienced is a significant part of the explanation for the limited implementation progress to date, and for the appropriations that remain in custody pending compliance with milestones the institution has not yet been able to complete. These transitions, while internal to UPR, also have practical consequences for the Oversight Board's ability to advance a constructive agenda in partnership with the institution.

Although a Revised 2021 Fiscal Plan can document these conditions, the appropriate vehicle to respond to them is a comprehensive new UPR fiscal plan, developed in coordination with UPR leadership, the UPR Governing Board, and the Government of Puerto Rico, with certification anticipated by the end of FY2027 so that the new framework can inform the FY2028 Commonwealth and UPR budgets.

What Developing a New Fiscal Plan Requires

A new UPR fiscal plan is not a redrafting exercise. It is a multi-track institutional process that will require focused engagement from UPR's administration, the UPR Governing Board, and the Government of Puerto Rico over the next thirteen months.

As a matter of principle, the Oversight Board notes that the specific measures contemplated in the Certified 2021 Fiscal Plan — including additional tuition and fee increases and further pension reform beyond what has been implemented — are means to an end. They reflect the fiscal targets that, in 2021, were judged necessary to achieve structural balance and long-term sustainability under the conditions then anticipated. A new fiscal plan can give UPR meaningful flexibility to substitute or recalibrate these measures, provided UPR develops credible alternative revenue sources, enhances existing revenue streams on a documented and recurring basis, and implements operational efficiencies of corresponding magnitude. Demonstrating credible alternatives, with the analytical rigor, governance, and implementation capacity to sustain them, is precisely the work of the new fiscal plan.

At a minimum, that work should involve:

1. Establishing an updated macroeconomic and demographic baseline calibrated to current conditions, including post-disaster recovery dynamics and the federal funds trajectory.
2. Developing a tuition and affordability framework grounded in the actual distribution of Pell coverage across UPR's population.
3. Reconciling and rebuilding the pension framework. The certified plan, the FY2024 UPR Budget, and UPR Governing Board Certification No. 1 (2023-2024) reflect different positions on the perimeter of reform. A new plan must close the gap between what is

certified, what has been authorized, and what has been implemented, on a basis the UPR Governing Board is prepared to execute.

4. Integrating UPR's personnel and compensation framework with the Civil Service Reform framework now in place across the Commonwealth, so that UPR's workforce decisions are coherent with the broader public-sector reform architecture.
5. Restructuring the transformation milestone architecture around what UPR can credibly execute, with defined ownership, realistic timelines, and a clear path for releasing the Commonwealth funding presently held pending compliance. This addresses the institutional concern that significant resources earmarked for UPR remain undisbursed while operational pressures intensify.
6. Establishing a revenue diversification framework that distinguishes structural and recurring sources from non-recurring or contingent ones, and that builds on UPR's documented progress in federal research, training and services to government agencies, and dedicated funding under Act 53-2021 and Act 116-2023.
7. Documenting the operating-model transformation, academic offerings, regional partnerships, dual enrollment, online programs, data systems, and the sustainability of the eleven-campus system, that UPR's own transformation initiative has identified as priorities, supported by a financial model that funds their execution rather than carrying them as undated commitments.

Each of these workstreams will require the active participation of UPR's leadership and stakeholders, students, faculty, the UPR Governing Board, the Government of Puerto Rico, and the broader academic and economic community UPR serves. At the end of the day, every fiscal plan decision, on tuition, on personnel, on academic offerings, on the configuration of the eleven-campus system, translates into real consequences for the faculty who teach, the students who study, and the communities the UPR serves. A plan developed without meaningful engagement will be difficult to implement, and a plan that cannot be implemented serves no purpose. Structured engagement with UPR's stakeholders, before plan development begins, throughout its design, and through implementation and execution, will therefore be a critical determinant of the success of any plan submitted. The Oversight Board recognizes that this is substantial work, much more substantial than the technical exercise this letter formally concerns. It is also work the UPR can no longer responsibly defer.

A new UPR fiscal plan must also be developed in explicit coordination with the Commonwealth's broader fiscal trajectory. UPR is not a fiscal island. Its largest single revenue stream, Commonwealth appropriations, is a line within the Commonwealth's overall fiscal envelope. Any change in UPR's funding profile has consequences for the rest of the Commonwealth's budget. The Commonwealth itself faces material near-term pressures, including the Medicaid funding cliff, the deceleration of federal disaster recovery disbursements. The development of the fiscal safeguards and the Five-Year Financial Plan, that the Government and the Oversight Board are jointly advancing are designed to assist in mitigating these risks. UPR's planning assumptions, particularly those concerning Commonwealth funding levels and the treatment of post-certification appropriations, must therefore be developed in coordination with, and not in isolation from, the Commonwealth's broader financial plan. Recognition of those constraints is a condition of credibility for the new plan.

The Oversight Board's expectation is that work on the comprehensive new UPR fiscal plan will begin without delay. In the period between certification of the Revised 2021 Plan and certification of the new plan, the Revised 2021 Fiscal Plan functions as a bridge, sufficient to enable FY2027 budget certification, but not designed or intended to serve as UPR's framework for long-term institutional planning. The new plan should be the framework on which UPR's FY2028 budget and its longer-term trajectory will rest.


To support this work, the Oversight Board respectfully requests that UPR leadership designate, promptly following certification of the Revised 2021 Fiscal Plan, a senior counterpart accountable for the development of the new plan; commit to a working schedule, data sharing, and analytical access commensurate with the scope of the effort. The Oversight Board, for its part, will engage at the senior level and will make resources available throughout the process.

Required Revisions for Revised 2021 Fiscal Plan Certification

Pursuant to PROMESA Sections 201(c)(3)(B)(ii) and (d)(1), please submit the revised Proposed Revised Plan, with all necessary supporting materials, no later than **May 27, 2026** consistent with the Oversight Board's letter of May 23, 2026.¹ Please include:

- A complete FY2027 projection across all Certified 2021 UPR Fiscal Plan schedules, revenues, expenditures, net position.
- Certified 2021 UPR Fiscal Plan consistency through FY2026 unchanged; for FY2027 deviations, alternative measures sufficient to demonstrate structural balance.
- A reconciliation tying together Certified 2021 UPR Fiscal Plan assumptions, measure implementation status, supporting schedules (including Annex 2 references to audited data), and the FY2027 projection.
- Incorporate the financial data that is referenced to audited financial statements for FY2024 and FY2025 and update supporting documentation and methodology substantiating all projections and assumptions, including the analytical basis for the FY2024 and FY2025 updates, the FY2027 federal grant revenue and expenditure projection, and the treatment of any non-recurring or post-certification funding sources.

We look forward to continuing working with you for the benefit of the people of Puerto Rico.

Sincerely,

Robert F. Mujica, Jr.
Executive Director

CC: Mr. Francisco J. Domenech Fernández
Mr. Orlando Rivera Berríos
The Honorable Ángel Pantoja Rodríguez
Dr. Zayira Jordán Conde
Mr. Ricardo Dalmau Santana
UPR Governing Board

¹ See https://drive.google.com/file/d/1ryAVDc0eLXohC-q2hx2VGU6jKqLTA_/_y/view?usp=sharing.