

ECONOMY

We must change Puerto Rico to seek a higher standard of living



Think Strategically: Is This America?

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Puerto Rico focus: UPR's certified fiscal plan

We turn our focus to University of P.R.'s (UPR) revised fiscal plan and the challenges and opportunities that creates. The UPR has played a vital role in the island's social and economic development by providing the formal education of the country. In many aspects, a self-sustaining and independent UPR is Puerto Rico's future.

However, over the years, the UPR has not adjusted to the realities it was facing and has preferred to rely on commonwealth subsidies to provide for more than 70 percent of its revenues. As has been discussed, the university needs drastic, transformative and immediate changes in its operational model. For a long time, the right-sizing of UPR has been advocated for to reduce the worst-performing campuses and merge or eliminate them. In our view, the UPR should not have more than three principal operations—UPR Río Piedras, UPR Mayagüez, which should be an independent university, and the Medical Science Campus, with the remaining operations being converted into specialized two-year colleges that in turn would feed into these principal hubs.

The Financial Oversight & Management Board (FOMB) views the reduction of government subsidies as both challenges and opportunities for the university. In our assessment, this is a golden opportunity to build an efficient, lean and less pompous university.

Key initiatives of the UPR Fiscal Plan

***Operational excellence:** The plan returns the system to a three-campus "hub" model, whereby the footprint of secondary campuses is reduced, and shared services are increasingly relied upon to drive 23 expenditures down by 10 percent.

- **Revenue enhancement:** Maximizes opportunities to increase revenue from nontuition sources, including federal grants and awards, intellectual property and patent monetization. When tuition increases are required, the plan calls for implementing a need-based scholarship policy.
- Seeks to meet fiduciary responsibility while achieving financial stability.
- Protects the necessary human, financial, technical and capital resources.
- Centers on strengthening diversity and uniqueness of UPR System.
- Aims to position the UPR as a critical contributor to economic development.

• UPR has a leading position in most professional programs, and is highly recognized for engineering, law, architecture, medical and R&D.

The UPR must quickly adjust to the FOMB's certified plan and position itself for new opportunities. However, should a student strike occur, would it add turmoil to an already fragile institution? Most U.S. state universities have adjusted to their endowments' dropping market value, lost stimulus funding and decreased state aid, as well as having to refocus their strategic plans, slim down operating budgets and rebuild financial resources. As we compare similar public universities with the UPR, we note that the tuition and fees are 530 percent more for in-state students and 574 percent more for out-of-state students.

Our UPR mostly chooses to ignore these trends and continues to operate under the assumption that "business, as usual, will do," when it is evident radical changes are needed. The general fund invests \$941 million in UPR's 57,726 students and 19,477 employees, which costs taxpayers \$16,301 per student, which is a sum we can no longer afford.

Puerto Rico: Is This America?

Now that the FOMB's fiscal plans have been certified for much of the government, we are stuck with a

colossal mess. Our future looks bleak and even more uncertain than after Hurricane Maria hit Puerto Rico.

Where do we begin? What will be the economic impact? Will our neighbors continue to emigrate to the U.S.? Should we be positive and focus on the future? So many questions, so few answers and so much uncertainty.

One thing we must be quite clear about: This is not America; Puerto Rico is not America. Its citizens, although U.S. citizens, are not entirely Americans as viewed by Americans themselves. In the U.S., most call us Puerto Rican immigrants. I remember when Supreme Court Judge Honorable Sonia Sotomayor was sworn as a justice in the highest court of the nation, and most headlines said: "Puerto Rican Sonia Sotomayor named Supreme Court Justice, the daughter of Puerto Rican immigrants."

Puerto Ricans are U.S. citizens moving from one U.S. territory or state to another, and typically refugees are someone who flees to a foreign country to escape the dangers of persecution.

We speak Spanish, eat *lechón*, *tostones*, *mofongo*, rice and beans, we are loud, proud, happy, love to drink and enjoy life and, yes, we are friendly. This is a basic trait of any Puerto Rican. We do want everyone to recall these differences. We do want to point

out the economic differences that lead Puerto Ricans to claim: "This is not America," it has never been, by design of Congress. Let's examine some fundamental economic differences:

- Puerto Ricans pay federal taxes such as Social Security, Medicaid and Medicare. However, regarding Medicaid in Puerto Rico, the federal government spends \$1,571 per person, while in the 50 states, they pay \$5,790, that is 72 percent less on the island. For Medicare in Puerto Rico, the federal government spends \$5,208 vs. \$8,700 in the 50 states or 40 percent less.
- The median household income in the U.S. is \$59,039, while in Puerto Rico it is \$20,078, or 297 percent less.
- The unemployment rate in the U.S. is 4.1 percent, while in Puerto Rico it is 10.4 percent or 254 percent higher.
- Puerto Rico receives lower funding levels for education, support for individuals with disabilities and other programs.

Puerto Ricans have been U.S. citizens for more than 100 years, and yet, in absolute economic terms, it may appear as if we were not full citizens, thus "this is not America." "This is not America" in economic terms, "this is not America" in our current form of governance and "this is not America," open to the world, open to those who wish to embrace it. While we reflect on this, the certified fiscal plans will have an impact on our way of life.

Puerto Rico does not have any other option but to push through the impact of the certified fiscal plans. We must also bear in mind that Puerto Ricans will face dramatic changes in everyday life while also needing a strong Financial Oversight & Management Board to perform its job. As citizens, we must also reflect on how we got to this lowest of circumstances in our recent economic history.

We must change Puerto Rico to seek a higher standard of living that would make us America.

As a parting thought, I am reminded of an old saying "by the time we realize our parents may have been right, we usually have children who think we are wrong."

The time to act is now, and only practicing the 101 percent principle will do!

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