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May 20, 2019

Rep. Raúl M. Grijalva  
Chairman  
Committee on Natural Resources  
US House of Representatives

Dear Chairman Grijalva,

I am writing to thank you for the invitation to participate in the Committee on Natural Resources oversight hearing on May 2nd, 2019 on *The Status of the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA): Lessons Learned Three Years Later*.

Next, my written responses to the to the Committee questions:

#### I. Question from Chairman Raúl Grijalva

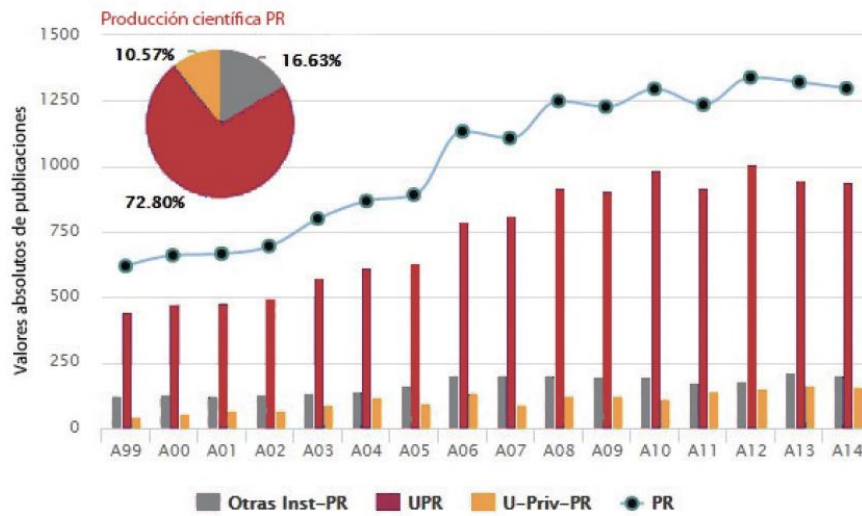
**Question 1. In your testimony, you stress that the University of Puerto Rico (UPR) has made important contributions to the economic development of the island.**

**Question 2. Has the UPR or independent entity quantified the financial impact of these contributions? Please provide supporting documentation**

Throughout history, the University of Puerto Rico has played an essential role in the economic development of the island according to the study on the economic impact of the University published by Dr. José Alameda-Lozada and Dr. Alfredo González in April 2017 (see Attachment 1 for the full report). The UPR is responsible for 73% of the scientific knowledge of the Island (see graphic below). It is ranked 502 in the worldwide university rankings, and ranks in the 15<sup>th</sup> position in Latin America and the Caribbean.

GRÁFICA 1:

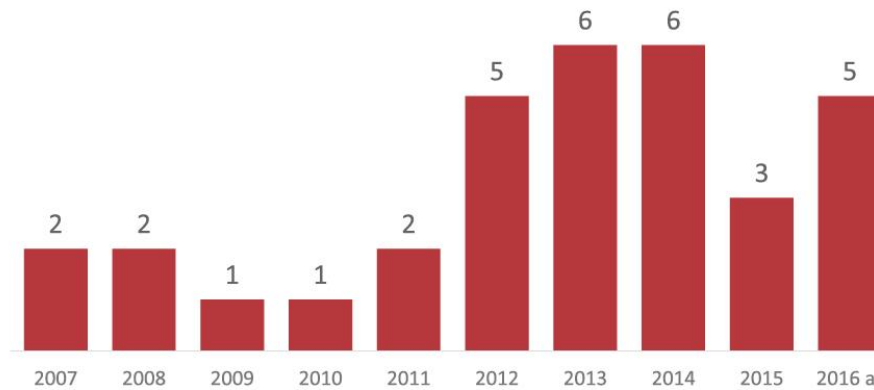
**PRODUCCIÓN CIENTÍFICA DE PUERTO RICO:1999-2014**



Highcharts.com

GRÁFICA 2:

**PATENTES OTORGADAS A LA UPR**



Fuente: Universidad de Puerto Rico, RUM, Biblioteca General and U.S. Patent and Trademark Office (USPTO).

The same study shows that the services provided by the UPR through its academic health center - The Medical Science Campus, located within the Puerto Rico Medical Center and The UPR Hospital in Carolina, for the year 2014-2015 represents 74% of the total number of hospitalizations in Puerto Rico.

On the economic impact, Dr. Alameda-Lozada and Dr. González published a scientific study in February 2017 through macroeconomic analyses shows for every \$ 1,000,000 invested in the University there is a return of \$ 1,563,000. That represents an economic multiplicative factor of 1.563. In addition, for each job generated in the University, an additional 60 indirect jobs are generated in the surrounding economic areas.

TABLA 7:

**EFFECTOS DE LA DEMANDA FINAL DE UPR EN LA PRODUCCIÓN BRUTA**  
**A PRECIOS 2013 (MILLONES DE DÓLARES)**

Efectos	SUPR	Sistema Retiro	Total
Directo	\$11,474.00	\$1,056.60	\$12,530.60
Indirecto	\$6,410.10	\$640.80	\$7,050.90
<b>Total</b>	<b>\$17,884.10</b>	<b>\$1,697.40</b>	<b>\$19,581.50</b>
Multiplicadores	1.56	1.61	1.56

The economic study of Dr. Alameda y González also clearly establishes the value to the human capital of investing in higher education in Puerto Rico as it represents a social yield of 434.26%

TABLA 13:

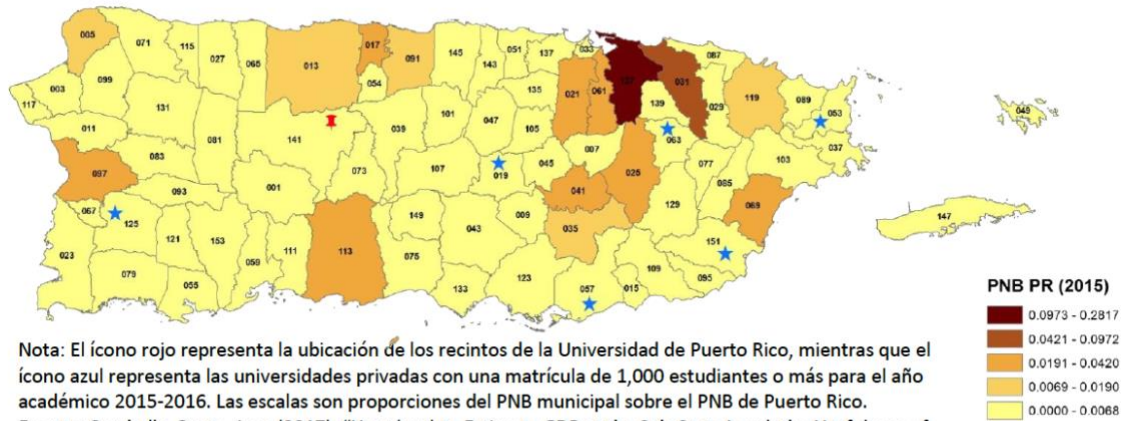
**VALOR NETO DEL CAPITAL HUMANO DE EGRESADOS**

El Monto Total de Capital Humano graduados	1999-2016
Graduados 1999 a 2016 .....	162,951
Capital Humano incremental a/ .....	\$126,402,428,324
Salarios adicionales creados por estudios SUPR	
x persona de por vida útil de labor (30 años) .....	\$775,708
Salarios adicionales creados por estudios SUPR x año .....	\$25,857
Inversión social en la UPR .....	\$29,107,525,063
Rendimiento social .....	434.26%

a/ tasa descuento 3%; ajustado a la probabilidad de empleo y la expectativa de vida

Another study carried out by the Census Information Center (see attachment 4) shows that municipalities with a university campus in its jurisdiction have higher proportion of the Gross National Product than those without a campus. It is noteworthy that this trend is mostly observed in those municipalities with a UPR campus in it.

## PRODUCTO NACIONAL BRUTO (PNB) POR MUNICIPIO Y RECINTOS UNIVERSITARIOS, 2015



Nota: El ícono rojo representa la ubicación de los recintos de la Universidad de Puerto Rico, mientras que el ícono azul representa las universidades privadas con una matrícula de 1,000 estudiantes o más para el año académico 2015-2016. Las escalas son proporciones del PNB municipal sobre el PNB de Puerto Rico.  
Fuente: Caraballo-Cueto, Jose (2017). "How (not) to Estimate GDP at the Sub-State Level: the Usefulness of the Economic Census". Forthcoming in The Review of Regional Studies, Encuesta sobre la Comunidad de Puerto Rico (Tabla S1701), Estimado de cinco años (2011-2015). Consejo de Educación de Puerto Rico (octubre 2016), Compendio Estadístico sobre la Educación Superior de Puerto Rico 2015-2016.

### Attachments:

1. Doctor Alameda-Lozada and Doctor González-Martínez economic analysis: "El Impacto Socioeconómico del Sistema de la Universidad de Puerto Rico". Occasional Papers, OP no. 7 April 2017.
2. Presentation Impacto socioeconomico del SUPR II (1)
3. Impacto recintos de la UPR 27 de marzo d 2017.pptx. Centro de información Censal.
4. Los Planes Fiscales y la UPR FINAL (3).pptx Dr. Alameda.
5. CEEF Boletín, March 2017

### Question 3. Has the UPR assessed the possibility of a reformed system of income -o means- based tuition? Please explain why and the status of the assessment

The fiscal plan contemplates granting subsidies to students according to their economic resources. One of the elements that must be considered is that in Puerto Rico more than 55 of the population live in poverty levels<sup>1</sup> and an average family income below \$20,000<sup>2</sup>. This family income is 50% lower than the poorest state in the United States<sup>3</sup>. Furthermore, in the Bulletin of the Puerto Rico Council on Higher Education, Vol. 11, No2, of March 2017 it is clearly demonstrated that based on the percent of family income consumed by higher education costs, Puerto Rico is the jurisdiction with the most expensive jurisdiction in the USA. (see attachment 5)

<sup>1</sup> <https://revista.drclas.harvard.edu/book/inequality-puerto-rico> (Revised on April, 24 2019).

<sup>2</sup> [http://factfinder.census.gov/bkml/table/1.0/en/ACS/17\\_1YR/R1901.US01PRF](http://factfinder.census.gov/bkml/table/1.0/en/ACS/17_1YR/R1901.US01PRF)

<sup>3</sup> According to the census, the income of average family in West Virginia is \$43,469.

Puerto Rico y jurisdicciones con el costo de estudio más bajo

Jurisdicción	Mediana ingreso familiar	Costo de estudio	Proporción respecto al ingreso
Puerto Rico	22, 976	14, 851	64.6%
North Dakota	74, 708	17, 456	23.4%
Florida	57, 504	17, 879	31.1%

Puerto Rico y jurisdicciones con la proporción de costo más alta

Jurisdicción	Mediana ingreso familiar	Costo de estudio	Proporción respecto al ingreso
Puerto Rico	22, 976	14, 851	64.6%
South Carolina	56, 343	25, 711	45.6%
Pennsylvania	68, 158	31, 004	45.5%

The University needs to go beyond means-testing for tuition, to a means-based testing for the total cost of studies at the UPR. Even if full tuition is covered, the undergraduate student will need an additional \$10,000 to \$11,000 to cover the full costs of attending the UPR. The table below shows a comparison published by Dr. Ricardo González Méndez in early 2017 that demonstrates this fact. (<https://medium.com/@UnivDeTodos/el-costo-de-estudiar-en-la-upr-mitos-y-realidades-918e097a5da>)

### Comparación de Costos de Estudios Subgraduados por Año para 2015-2016

Gasto	Rio Piedras	Cayey	RUM	UF-Gainesville	Inter Metro
Matricula y Cuotas	\$2,019	\$2,049	\$2,049	\$6,381	\$7,122
Libros y Materiales	\$1,862	\$1,862	\$1,862	\$1,300	\$1,227
Hospedaje y Comidas	\$8,751	\$8,751	\$8,751	\$9,650	\$7,314
Otros Gastos	\$2,987	\$2,189	\$2,189	\$3,300	\$6,107
<b>Costo Total por Año</b>	<b>\$15,619</b>	<b>\$14,851</b>	<b>\$14,851</b>	<b>\$20,631</b>	<b>\$21,770</b>
Costo Total si vive con su familia fuera del campus	\$6,868	\$6,868	\$6,868	\$11,011	\$14,456
Matricula y Cuotas No Residentes	\$4,518	\$4,070	\$4,071	\$ 28,659	\$7,122

Note that the tuition costs here are those for 2015-2016, before the tuition increases of 2017 and 2018.

**Question 4. The UPR annually graduates thousands of students - highly educated engineers, lawyers, bankers, and teachers. In your opinion, how can Puerto Rico best leverage the research and human capital of the UPR as an economic multiplier? What role can the UPR play to offset the amount being spent on outside consultants?**

According to the studies indicated in question 1, investment in the University has the best multiplier effect for the Island because:

1. The investment is translated into scientific knowledge and employment generation.
2. Expenditures on other essential services such as health can be provided through the University.
3. The University generates a significant economic impact on the populations near its campuses.
4. The University generates a report on the development of human capital through offering quality higher education at affordable prices, promoting upward social mobility among the general population and access to better salaries.

The University of Puerto Rico can offer the best resources of the Island to the Government and the Fiscal Control Board for a fraction of what consultants' firms are charging. It is the government's responsibility to use those services.

**Question from Republican Members.**

**Question form Rep. Rob Bishop**

**Question 1. During the hearing, you informed the Committee that your University receives upwards of \$280 million in Federal grant funding. Please list a simple breakdown of these grants from Federal agencies the University qualifies and receives annually.**

**Please See attachment 6.**

Once again, thank you. Please feel free to contact me if the members of the Committee have additional question.

Sincerely,

A handwritten signature in blue ink that reads "Ana Cristina Gómez Pérez". The signature is written in a cursive style and is positioned above the typed name and title.

Dra. Ana Cristina Gómez Pérez, esq.  
Coordinadora del Comité de Presupuesto

ACGP/acgp

Patrono con Igualdad de Oportunidades en el Empleo M/M/V/I