PERIODIC REVIEW REPORT

FISCAL ANALYSIS

2008

NAME OF INSTITUTION     INTER-AMERICAN UNIVERSITY OF PR,
                         METROPOLITAN, PR
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An examination of the financial and fiscal health of the Inter-American University of Puerto Rico Metropolitan Campus was conducted at the offices of the Middle States Commission on Higher Education. Available to the reviewer were the 2008 Periodic Review Report, the 2007 substantive change to include the additional location in Caguas, Puerto Rico, and the 2003 Evaluation Team Report.

The 2003 Evaluation Team Report “…caution[ed] the Campus and the University to focus on a smaller number of initiatives in which it can establish particular distinction.” Further, the Team indicated that “…in an environment that requires capital rationing (financial, physical, and human), the institution needs to focus its energies on those few areas that can have the greatest positive impact.” (p.23)

An analysis of the Campus’s revenues and expenditures for FY2005-FY2007 shows that it is self-sufficient and continues to contribute to Central office administration. Therefore, the Campus continues to meet the University’s expectations.

Since the Evaluation Team Report in 2003, the Campus has expanded its distance learning offerings and its on-line coursework. It has also established a new off-campus site at Caguas and vicinities offering the BBA, the M.Ed, and the MBA programs.

In addition, the Campus established in 2005 the new Center for Institutional Research and External Funds. This is an effort to help the Campus better understand its demographic base and to develop increased activities in the area of faculty and student research.

During the period since the 2003 Evaluation Team report, overall enrollments have stabilized at approximately 10,600; however there is a shift evident to an increasing population of graduate students. According to estimates in the 2008 PRR, a 3% drop in overall enrollment is forecast in 2010, with a corresponding rebound of 2% by 2013. During the period from 2001-2002 to 2013, the mix of undergraduate to graduate students will have shifted from 69%:31% to 62%:38%. The Campus will need to manage this projected shift carefully as it may have significant impacts on resource allocations across the Campus.

It is also worth noting that tuition and fee revenues appear to have leveled at approximately 97% of annual operating revenues, with only 3% of annual operating revenues coming from additional sources. An increasing focus on research activities, fund-raising, and off-campus programs could result in more discretionary resources coming available to the Campus.

Commendations
Since the Evaluation Team visit on 2003, the Campus has instituted distance learning improvements, online courses, and a new off-site location at Caguas, Puerto Rico. These improvements allow for an expansion of academic services to the Campus’s constituency, but could also begin to generate additional discretionary resources.

The 2005 establishment of the Center for Institutional Research and External Funds is noteworthy in its attempt to help the Campus better understand its demographics, but also in assisting the Campus develop its faculty and student research capacity.

The Campus should also be commended for carefully monitoring its revenue and expenditure patterns during a period of fiscal uncertainty.

Suggestions
The Campus needs to continue vigorous efforts to develop its range of resources beyond tuition and fee collections. While technology can provide a great source of potential program enhancements, the costs of training faculty and staff, of acquiring the necessary equipment and facilities, and maintaining a positive trajectory are significant. Additional efforts to expand fund-raising and alumni giving will help the Campus to attract and retain a vibrant student body, as well as provide faculty with limited discretionary resources.

The Campus should carefully continue its efforts to manage the enrollment shifts that are projected over the next five-year period to introduce more graduate students to campus proportionately than undergraduate students. While not explicitly stated in the PRR, it appears there is a desire on the part of the Campus to introduce research into Campus life more openly, at both the faculty and student levels. Campus leadership should be careful to not develop the research activities at the expense of its vibrant instructional programs, since teaching and research are two sides of the same coin.