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**Executive Director**

## **BY ELECTRONIC MAIL**

August 15, 2023

Dr. Luis A. Ferrao Delgado  
President  
University of Puerto Rico

Dear Dr. Ferrao Delgado:

The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) acknowledges receipt of your letter dated August 2, 2023, wherein the University of Puerto Rico (the “UPR”) requested authorization to provide a salary increase to 1,430 non-faculty, union employees who are earning less than \$9.50 per hour. To fund the salary increase, the UPR requested to use **\$5,332,215.37** from the *Reserve for Milestone Completion* line item in the Fiscal Year 2024 Certified UPR Budget. The *Reserve for Milestone Completion* is funded from the \$102 million under the custody of the Office of Management and Budget appropriated under the *Incentive reserve for UPR milestone completion* line item in the Fiscal Year 2024 Certified Commonwealth Budget.

In support of its request, the UPR submitted the following documents: (1) a list of non-faculty employees with the corresponding salary increase for each employee; and (2) a proposal for a study to revise the UPR Classification and Remuneration Plan (the “Plan”) with the objective of, among other things, adjusting salaries to ensure that employees are compensated competitively and based on labor market data (the “Study”). The UPR expects to implement the salary increase while it completes the Study, which is currently in its third phase (out of eight total phases) and is expected to be completed by March 2024.

The Oversight Board has been working collaboratively with the Government of Puerto Rico to develop and implement classification and compensation plans through the Civil Service Reform

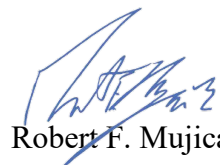
(the “CSR”).<sup>1</sup> Through a consistent, data-based, and fiscally responsible manner, the CSR aims to establish remuneration plans using market data as a reference. As a general matter, the goal of the CSR is to maximize and prioritize resources. As such, salary adjustments must be limited to employees who have below-market salaries. Any further salary adjustments should be merit-based through an employee evaluation process. Increasing salaries for existing employees without following proper guidelines and principles would not only be insufficient but would also further limit available resources, in this case, to fulfill the UPR’s mission without meaningfully increasing the performance of its services.

Given this context, the Oversight Board supports the UPR’s Study for revising the Plan and engaging with the CSR to ensure that the Plan is aligned with the corresponding methods, principles, and approaches employed<sup>2</sup> in the development of the Government of Puerto Rico’s Uniform Classification and Remuneration Plan.

Pursuant to Section 204(c) of PROMESA, the Oversight Board approves the budget increase and interagency transfer request in the amount of **\$5,332,215.37** from the *Incentive reserve for UPR milestone completion* line item in the Fiscal Year 2024 Certified Commonwealth Budget to retroactively increase the salary of non-faculty, union employees to \$9.50 per hour starting on July 1, 2023. The Oversight Board has made this determination based on the UPR’s budgetary reprogramming request and corresponding supporting information and with the understanding that the UPR will complete the Study by March 2024 and the Plan by the third quarter of Fiscal Year 2024.

We look forward to continuing working with the Government of Puerto Rico to accomplish the requirements and goals of PROMESA for the benefit of the people of Puerto Rico.

Sincerely,



Robert F. Mujica Jr.  
Executive Director

CC: Hon. Francisco Parés Alicea  
Mr. Juan C. Blanco Urrutia  
Mr. Ricardo Dalmau Santana  
UPR Governing Board

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<sup>1</sup> Please refer to the letter sent to the Office of Management and Budget on August 8, 2023, with guidelines for the development and implementation of classification and compensation plans for entities exempt from Act 8-2017 (available at [https://drive.google.com/file/d/1WvS6LL\\_MScACQ1zrn9YsLKtxTDVXeuOR/view](https://drive.google.com/file/d/1WvS6LL_MScACQ1zrn9YsLKtxTDVXeuOR/view)).

<sup>2</sup> “Civil Service Reform: A New Data-Driven, Market-Based Compensation Philosophy and Salary Structure for Competitive, Fair, and Equitable Salaries in the Government of Puerto Rico” available at [https://drive.google.com/file/d/13BLlhtdnW9\\_acDGr6I7EumhUPXjexhy6/view](https://drive.google.com/file/d/13BLlhtdnW9_acDGr6I7EumhUPXjexhy6/view).