

**PRESENTATION BY THE PRESIDENT  
OF INTER AMERICAN UNIVERSITY OF PUERTO RICO,  
MR. MANUEL J. FERNÓS,  
BEFORE THE FISCAL OVERSIGHT & MANAGEMENT BOARD OF  
PUERTO RICO  
Puerto Rico Convention Center**

**March 31, 2017**

Good afternoon.

First of all I would like to thank you for inviting me to be part of this panel and for considering the private non-profit educational institutions to share ideas on how to develop the Puerto Rican economy through the most important socioeconomic growth instrument: an education of quality.

The first question we must ask is: Why are we here discussing these issues? Sincerity and objectivity compel us to answer: because at some point our country lost its way. Clearly, it is never too late to get back on track, but that requires a collaborative plan with the involvement of ALL sectors and the understanding that it is not a matter of competing against each other, but rather joining forces to have a realistic and sustainable project for the future. This requires strategic planning, a cost effective administration in the use of the resources available for education, and a commitment to carry out a plan no matter who governs the country. That is why collaboration with commitment is the first step to take.

Prior to developing this topic and expressing ideas on how education can help shape sustainable economic and human development, it is important to clarify that achieving economic development is not synonymous of sustainable human development. The pursuit of a truly sustainable and enduring economic development must be based on the development of human capital through an education of quality. To reach this level requires the construction of a solid

foundation and a project that takes into account the formation of human beings from the beginning of their growth through their professional development, in order to be able to instill in them the competencies that will result in their holistic formation.

The World Bank has said that education is a critical tool for economic development and the reduction of poverty. In fact, World Bank studies show that the return on income for each additional year of education in Puerto Rico is 12.6%. In the case of higher education, it is 16.3%.

Let us paint a brief picture of how Puerto Rico stands in terms of education. If we take the College Board scores of the 2016-2017 incoming students as a measure of basic skills, we have a disquieting tendency. The basic skills foundation necessary to develop our human capital presents great challenges to the public school system. The College Board measures the basic skills that students are expected to master in verbal reasoning, mathematical reasoning, Spanish achievement, English achievement and mathematical achievement. All necessary in order to make the most of a higher education where the students will develop professionally. If we compare the average College Board scores of students from the public school system in 2013 with those of 2016, we see an important decrease. In mathematical reasoning, English achievement, and mathematical achievement, we see a constant reduction from 2013 to 2016. If we compare those results with the results of private school students, we see a marked difference. In mathematical reasoning, for example, public school students had an average of 430 points in 2016, whereas private school students had an average of 525 points. In the case of Inter American University's high school system, students had an average of 550 points. These results indicate that, although the public school system has the resources to provide an education of excellence, this investment is not reflected in the students' development.

If we lack a foundation, in other words, an education system of quality in which the students' development is the priority, there is no way that we will achieve a sustainable economic development. The deficiencies that we see in our education system are reflected in the fact that 4 of every 10 students that start public school do not graduate from high school, an unemployment rate of 12.2%, and a workforce participation rate of only 40.6%. In January 2010, 1,113,000 persons were employed, whereas in January 2017, only 981,000 were employed. If this rate continues and we do not join forces to build a comprehensive K-16 education reform plan, we cannot expect flattering results. These numbers should make all of us take immediate action. Our education system, as it is, has left several generations devoid of a quality education. The data of the past years clamors for action so that we do not lose one more generation of young people.

In this process, we the institutions of higher education must come in, whether we be public, private non-profit, or private for-profit. Education itself is a public good which should be offered with detachment and commitment because it is the investment that contributes to the human and economic development of a country. Therefore, it is the responsibility of all educational institutions to work together and contribute in three ways: 1) collaborate in the development and implementation of an educational reform in which students and their academic advancement are the priority; 2) provide a holistic and higher education of quality consistent with the needs of the labor market; and 3) strengthen the research and development that will result in the transference of Puerto Rican knowledge and intellectual property. Accordingly, we must change our way of viewing education by segments and start to visualize education as an integrated whole under the K-16 concept.

In the first place, the main challenge to achieve an education system, such as those successfully implemented in places like South Korea, Japan, Singapore, Hong Kong,

Finland, United Kingdom, Canada, Holland, Ireland and Poland, is the commitment of the state and the entire educational community to develop and implement through consensus an education model of quality. The aforementioned countries have several things in common: 1) they understood that to develop and be competitive they had to create the best human capital; 2) they reward “effort” over “intelligence per se”; 3) they have clear educational goals and a strong culture based on a sense of commitment and responsibility; and 4) they are open to having the results of their educational model measured in competition with the rest of the world. Why can't we do the same? What hinders us from doing so? All we need is the will to do so and the desire to not lose even one more generation for lack of an adequate education.

In the second place, there must be a more solid link between the entrepreneurial sector and the educational institutions. Higher education academic offerings have to be tied to workforce needs. Constant communication is essential to ensure that the product of our institutions contributes to economic development and an increase in employment. Businesses can potentiate themselves if they achieve effective and constant communication with the educational institutions in two essential ways: 1) ensure that graduates develop the competencies required for the professions most in demand and 2) find in the universities a natural ally for the development and innovation of products and services.

Like the rest of the country, private enterprises must keep innovating so that they do not lose their relevance. In times of economic scarcity, such as the times in which we are living, research and development (R & D) in businesses is indispensable to innovate products to keep them competitive. In this endeavor, universities can collaborate with the business and entrepreneurial sectors. But the country, also, must continue innovating. One of the major worries of economists of all generations has

been to determine what to do when the economy reaches a steady state. ¿What is to be done then? The answer is simple. We cannot stop innovating and creating.

Thirdly, we must foster a constant collaboration in research and development among educational institutions. For many years, Puerto Rico benefitted from patents and intellectual property developed on the island. When we see our students in their formative phase develop software, plant clones, vehicles, drones, among others, we see the potential that exists in the classrooms to create and innovate. If we join forces among institutions, we can promote more research, but this time tied to a comprehensive project or plan. Separately, each one of us can achieve some things. But together we can ensure that we comply with a research, innovation and development plan that will benefit all of Puerto Rico. I bet that very soon the University of Puerto Rico, the Inter American University of Puerto Rico and other higher education institutions will develop joint research strategies, seeking together the necessary funding to develop projects that will result in patents, intellectual property and the transference of technology that will support the Puerto Rican economy of the future. Alone we will amass individual successes. Together we will be able to potentiate the Puerto Rico of the future.

The educational project for the future needs students, teachers, parents, public and private schools, the University of Puerto Rico, the private universities and the union of a whole country. Education, be it public or private, pursues a public end and must always operate with the greatest efficiency and transparency. Today we come to reaffirm our desire to collaborate in the construction of a successful and promising Puerto Rico in which the foundations of the economic development are reinforced by human capital developed on the principles of honesty, responsibility and quality. That is the mission of Inter American University of Puerto Rico. It is not important

whether we are public or private. The important thing is our commitment to work together as a single educational team, creating and innovating for Puerto Rico.