

## AGENDA ITEM 11.b

### FY 2015 Operations Budget

**RECOMMENDED DIRECTIVE:** The Board of Regents hereby approves the FY 2015 Budget as recommended.

#### **DISCUSSION:**

The Budget 2015 development began in August 2013 with a budget guidelines transmitted to the college community. In that budget guideline, it summarized how the budget will be carried out by whom, and time line for each action to be taken. This is taken from the newly developed budget manual which has been used as the guideline for formulating the FY2015 budget.

In October 2013, the VPs held meetings on the budget development with discussions on the various documents to use to guide the work. First, the budget manual will be used for the first time and to let the college community have access to the manual which was posted on the website. The IEMP, the new strategic directions especially to focus on student success, the mission of the college, to align the college to be financially sound, fiscally responsible, evoke an image of quality, invest in and build a strong capacity in human capital, becoming a learning organization through development of a learning culture guided by student leaders, and emphasize academic offerings in service to national needs were used as guidelines for planning the budget.

The VPs developed the budget assumptions and projections and shared the information with the Finance Committee, Planning and Resources Committee, Council of Chairs, Cabinet, staff, faculty, and students at the college. VPAS and the President of the college met with the various committees to inform them on the different strategies used to guide the development of the budget. Two all campus meetings took place in October and November to provide updates to the college community on the 2015 Budget status.

The revenue is based on increase in tuition of \$125 per credits and facilities fees of \$175 for Fall and Spring Semesters and \$50 for Summer term.

**REVENUE: Total Revenue for the 2015 Budget is \$11,262,665**

#### **FY 2015 Tuition and Fees Projections**

Revenues	Chuuk	Kosrae	National	Pohnpei	Yap	Total
Total tuition	861,169	540,715	2,766,124	1,475,743	479,780	6,123,532
Total Fees	115,054	67,359	381,699	203,058	66,233	835,919
Total Tuition & Fees	976,223	608,074	3,147,823	1,678,801	546,013	6,959,450
Indirect Cost						100,000
FSM ESG and Local Revenue						3,800,000
Fund Balance						403,215
Total revenue						11,262,665

**EXPENSES:**

- Personnel (65% level)..... 6,943,688
- Housing..... 680,600
- TCO (Utilities & preventative maintenance)..... 1,333,114
- Communication(Internet, phone lease, etc) .....306,960
- MIP/Insurance/Audit.....142,600
- Chuuk Campus Lease.....95,000
- Summer Faculty contract.....265,987
- Recruitment/Repatriation.....60,000
- Student Travel.....71,000
- Tutor contract.....55,000
- Accreditation.....100,000

The rest of the budget were allocated to travel, contracts, OCE or other current expenses, and fixed assets. The allocations for this line item budget were based on needs indicated by each unit.

**Total Budget by Department, Campuses and Offices for FY2015:**

1. President’s Office.....\$502,706
2. Administrative Services.....\$2,029,339
3. Instructional Affairs.....\$2,752,662
4. Yap Campus.....\$690,738
5. Pohnpei Campus.....\$1,544,998
6. Chuuk Campus.....\$1,377,587
7. Kosrae Campus.....\$655,663
8. Institutional Effectiveness & Quality Assurance....\$839,554
9. Student Services.....\$869,417
- Total Budget.....11,262,665**

**PLANS FOR BALANCING THE BUDGET:**

The above budget level is based on 65% personnel cost. The college plans to reduce budget level personnel from 65% to 60% level before the implementation of the FY2015 Budget. The amount needed to be reduced from personnel is \$403, 215. This can be achieved by doing the following:

1. Program Prioritization
2. Increase level of shared resources between Pohnpei Campus with National campus
3. Cross trainings at all campuses
4. Pohnpei campus becomes Career and Technical Education Center for the college.
5. Shared resources in terms of human resources at all campuses.
6. Eliminate position redundancies.
7. Review Student Travel costs to college for possible reduction or elimination.
8. Review payroll process for possible savings and efficiencies.
9. Review employee education benefit for possible savings.

We recommend that the BOR approve the budget as requested.

ACTION TAKEN:

\_\_\_\_\_ Approved as presented

\_\_\_\_\_ Approved with modification

\_\_\_\_\_ Deferred to a later meeting

\_\_\_\_\_ Disapproved

VOTE:

\_\_\_\_\_ aye \_\_\_\_\_ nay \_\_\_\_\_ abstain

Date: \_\_\_\_\_