

FY 2013 Budget Development - Issues and Impact on New or Improved Sources of Revenue

Driving Force: JEMCO Resolution 2011-2 proposed reduction in college funding from the Compact Education Sector Grant (ESG) by \$2,800,000 over 4 years – starting with a reduction of \$700,000 for FY 2013 Budget. The resolution also said that project proposals for COM infrastructure projects will not be considered for approval by the JEMCO during the Fiscal Years period of 2012-2016

Potential means to increase revenue	Discussion	Comments/Issues
<p>Maximizing PELL grant by increasing tuition by \$10/credit for 4 years starting in FY 2012 will increase college revenues (attachment one shows the impact of tuition increase on boarding and non-boarding students)</p> <p>General: This section is based on data provided by FAO and assumes that students will be taking 15 credits. The issues of 15 credits versus 12 credits or fewer students often currently take is critical to address. For students to graduate in a timely fashion they must be taking 15 credits (or more) per semester and need to attend the summer sessions.</p>	<p>Revenue increases realized from an increase in tuition is dependent on the number of students and total credits they take. Once attendance and credit projects are made for Fall 2013 estimates of tuition increase levels can be made.</p> <p>Scenario 1: At 15 credits per semester (6 credits per summer term) the additional costs per boarding and non-boarding students are: 1st year - \$360 2nd year - \$720 3rd year - \$1,080 4th year - \$1,440</p> <p>Biggest impact would be on Boarding Students at the National Campus. Current academic and boarding charges exceed PELL grant awards. (Note: IRPO in conjunction with Students Services has conducted a survey of dorm students and their view/impact of increasing tuition – see right for summary and below for the full survey report. The Acting VPSS has also requested an online survey of student regarding tuition increases that will be administered in November 2011)</p> <p>Scenario 2: Please see ED Money Watch (October 4, 2011) http://edmoney.newamerica.net/blogmain from the New America Foundation for a comparison of Republican and Democratic proposals for PELL Grant in the 2012 budget. A post on October 6, 2011 also addresses the issue of potential changes in PELL eligibility.</p>	<p>Scenario 1: Survey of Dormitory Students on Impact of Potential Tuition Increase – Summary of Findings (full report can be found at the end of this document)</p> <ul style="list-style-type: none"> • The primary basis of financing higher education is PELL Grant with some combination of work study, state and other scholarships, family assistance and working part time. • Primary source of funding for financing higher education is PELL grant averaging \$2,702. • State scholarships are awarded to 83 students with an average of \$662. (The limit imposed by JEMCO of \$1,000,000 total for scholarships from Compact funding (down from \$2,600,000) may greatly impact students depending on where COM-FSM fits into state priorities for scholarship awards). If tuition increases while state scholarships go down, over 75% of students would be adversely impacted. • Work study provides 82 students with ~\$252 dollar per semester. • Family assistance impact 44 students averaging \$213. • 15 students receive other scholarships and 3 students work part time. • 84.3% of students indicated impact of tuition increases could range from decisions to stay in the dorms at the national campus (14.0%), 21.5% indicated it could affect their decision to attend the national campus and 48.8% indicated it could affect their decision in attending the college. • The open ended questions confirmed students response to question 3 regarding impact. Students indicated they are stressed with meeting current college cost with the current levels of tuition and state scholarships. Any increase in tuition, coupled with decreases in state scholarships would affect their ability to meet college costs and could affect their ability to complete programs of study, attend the national campus, or stay in school.

Potential means to increase revenue	Discussion	Comments/Issues
		<ul style="list-style-type: none"> • Some students also raised quality issues regarding the current level of services received versus cost. • With the changes announced by FAO regarding satisfactory academic progress toward graduation in 150% of time, students will need to take more credits per semester. • Compact scholarship funds have been reduced by JEMCO from the current \$2.6 million to \$1.0 million. At this time, we do not know what the state/national scholarship priorities will be and what will be the emphasis on the college for scholarship awards to students. • Increasing PELL intake or “capture rate” with a decrease in national or state revenue increases the college’s dependence on tuition (PELL grant) at a time when the Long Term Financial Plan call for a reduction in the overall percent. If PELL is not expected to be available after 2023, increasing dependence on PELL will likely reduce the long term sustainability of the college. • May impact students decision to attend the national campus and/or stay in the dorm <p>Scenario 2:</p> <ul style="list-style-type: none"> • It is difficult to project the likelihood of changes in PELL grant as it is primarily a political issue in the US with strong support for and against, but is something the college should have a contingency for.
Maximizing PELL Grant by increasing the average number of credits students take	The Fall 2011 average credits per student were 11.7. There are two tables in the attachments that provide information on both average credits per student and the distribution of students against credits enrolled. Increasing the average credits per student by 1 credit for Fall 2011 would have resulted in an increase in revenue of \$306,075.	To increase the average credits per students would require a concentrated effort between: Academic Advising, Scheduling of classes and Counseling To ensure that students are taking a fuller load. This also mean that classes need to be scheduled based on student and not faculty needs. Expectations in higher education are changing. Students are not just being expected to graduate in 150% of time, but changes in FA regulations reflect this as well. Students need to be taking a fuller load (15 credits per semester) to graduate in a timely manner.
Improve on collection of	Improved collection of unpaid student charges or	The college has provisions for bad debt of

Potential means to increase revenue	Discussion	Comments/Issues
unpaid student charges	ensuring students continue in school through increased academic advising, counseling and/or tutoring services. Specific targets need to be set for reduction in bad debts.	over \$600,000 a year.
Increase the number of college ready students through cooperation and programs with state and national departments of education.	<p>The college needs to consider developing programs in coordination with state and national departments of education to establish interventions directed at increasing the college readiness of high school graduates. Impact would be on increasing or at least maintaining revenue and improving student's chance of success/completion of their chosen program of study.</p> <p>Consideration might be given to bridging programs, college readiness reports to high school students (could be taken down to 9th grade) to let students know where they stand in being college ready and what areas they need to improve to be college ready and other types of interventions that will promote increased college readiness of students.</p>	<p>Students who are not college ready stand a high chance of not succeeding in college or taking additional 1/2/3 years to complete a program of study.</p> <p><u>Potential new criteria for COMET 2012</u> (Note: as of 10/17/11 there has not been a formal submission of the proposed criteria by IA)</p> <p>ACE - 8th grade reading comprehension; 35 on essay; and MS 096 Certificate - 6th grade reading comprehension; 28 on essay and MS 096 Degree: 10th grade on reading comprehension; 40 on essay and MS 099</p> <p>A review was conducted of COMET 2011 test results to determine the impact of increasing the COMET intake scores. The full table can be found below in the attachments section, but an additional 492 students would fall into non-admit while there would be a decrease in the number of students accepted into degree programs by 289 – down from 447 to 156.</p>
Seek both national and state support for the college from local revenue (captive insurance, fishing fees, VAT, etc.)	<p>Increasing national and state support to the college from local revenues or other source of secure funding would have the greatest positive impact and contribute to the long term stability of the college. Secure sources of funding that will be available after 2023 are the best bet for long term sustainability of the college and higher education in the FSM. The college will need to establish why it is a higher priority for local revenue than other areas.</p> <p>Specific targets need to be set for revenue increases with how the funds will impact the college, students and the long term development of the FSM.</p>	<p>The college needs to be prepared to answer/address various questions and issues that have been raised by external and internal stakeholders:</p> <ul style="list-style-type: none"> • Priority of higher education in the FSM (see JEMCO resolution 2011-3) <ul style="list-style-type: none"> ○ Versus K – 12 ○ Versus other areas • Low graduation rates • Placement rates • Acceptance of non-college ready students into the college • 5/6 <u>campus</u> structure of the college • Continuation of annual step increases for faculty and staff • Relative size of college salaries compared to national and state salaries • Impact of higher education on economic development in the FSM • Questioning if the new funds will assist the college in improving quality of programs and services • Questioning if the new funds will only assist the college in maintaining status quo

Potential means to increase revenue	Discussion	Comments/Issues
		<ul style="list-style-type: none"> • Other
Distance Education for programs, courses and training	<p>Conservatives estimates indicate that distance education could be providing \$150,000 profit per year within 5 years. (See attached report). A for profit approach to distance education is seen as the most attractive model for the college.</p> <p>There are startup costs associated with developing desistance education programs at the college. However, options available now would be to partner with other institutions that have distance education programs & courses in place and seek grant assistance to assist in covering startup costs for ~ two year until the program becomes a revenue generator.</p>	<p>Distance education provides solutions to distance between “campuses” and improving program and course offerings. It is also more aligned with trends in higher education with emphasis on the role of distance education for developing countries</p> <p>With changes in technology and expectations for higher education – medium and Long term – distance education must play a major role in the college’s delivery of programs and services including extension type programs and services</p> <p>Distance education is greatly impacted for the connectivity issue – a project to follow is the National Government request for assistance from the World Bank to improve connectivity across the FSM</p>
Position college as entrepreneurial and expand services to K – 12 and increasing short-term trainings	<p>An entrepreneurial approach to providing programs and services could expand the college’s revenue base and move beyond the WASC – PELL grant approach to training and higher education in the FSM. An entrepreneurial plan would need to be developed to determine potential impact on revenue.</p> <p>To be effective, there also needs consideration for how funds generated from entrepreneurial activities impact the operations budget.</p> <p><i>Note: A request has been made to the business office for reports on amounts currently generated by contracts and short term trainings for the community (this paper will be updated once the information is received).</i></p>	<p>Definitions of entrepreneurship – Humber College Institute of Technology and Advanced learning “The constant pursuit to initiate, establish and sustain ventures, relationships and /or partnerships” Joseph Schumpeter – the engine of economic development.</p> <p>There are numerous books, articles, materials available on community colleges taking an entrepreneurial approach with details on characteristics of various programs and approaches.</p> <p>Again, as with other potential revenue sources, the potential will not occur in vacuum, major changes in the college culture and management would need to be made to support entrepreneurial activities.</p>
Seek international grant assistance for the college that can impact operations funding	<p>The college is prioritizing new grant development activities to focus on distance learning startup and developing an entrepreneurial college. These two areas are seen potential revenue generators for the college, but in both areas startup costs need to be covered.</p>	<p>Grants tend to fall into three main areas: improvement and/or expanding existing programs and services, startup costs for programs that will be covered by the organization in the future and grants that address priority areas of an organization where the organization does not have to support the program fully on its own. Few if any grants are designed to cover operational costs of an organization. Even normal grants have matching or support expectations (transportation, utilizes, space, in-kind, etc.) from the organization that can be substantial. Fundamentally, to impact operational funds, grant funds need to be used to free up operations funds to shift to different areas. The danger is that if a program is dependent on grant funds – how does it cope when the</p>

Potential means to increase revenue	Discussion	Comments/Issues
		grant is no longer available.
Incorporate indirect and excess contract funds into revenue projections	<p>Determine amount of indirect costs and incorporate into operations budget to 1) assist in offsetting grant costs to the college and 2) address priorities of the college.</p> <p><i>Note: A request has been made to the business office for reports on indirect regarding amounts generated and uses (this paper will be updated once the information is received).</i></p>	Indirect costs can be generated from grants at varying rates. While the official indirect cost negotiated with HHS is at 25%, many grants are capped at 8% or less.
Infrastructure funding	<p>Major avenues for infrastructure funding include:</p> <ol style="list-style-type: none"> 1. Use of fund balance to fund infrastructure priorities 2. Seeking national and state support for construction of college facilities from local revenue or other non-compact sources 3. Seeking non US government assistance – China, Japan, EU, etc. 4. Private sector and foundation support (both FSM and non FSM companies) for facilities construction 5. Combination of above 	The college likely will need to reprioritize its infrastructure development needs due its changing financial condition.

BOARDING STUDENTS

Table 1. Full-Time, two semesters and Summer, boarding student with three meals

	Fall	Spring	Summer	Total
Tuition (15 credits Fall/Spring & 6 Summer)	1,575	1,575	630	3,780
Room	368	368	175	911
Board	1,470	1,470	700	3,640
Fees	150	150	150	450
Books	500	500	250	1,250
Personal	750	750	375	1,875
Taxi	N/A	N/A	N/A	N/A
Total Expenses	4,813	4,813	2,280	11,906
Pell Grant	2,775	2,775	0	5,550
Unmet Need	2,038	2,038	2,280	6,356

Table 1a. \$10/credit increase

	Fall	Spring	Summer	Total	Increase
Tuition (15 credits Fall/Spring & 6 Summer)	1,575	1,575	630	3,780	
Increase \$10 per credit FY2013	150	150	60	360	
Room	368	368	175	911	
Board	1,470	1,470	700	3,640	
Fees	150	150	150	450	
Books	500	500	250	1,250	
Personal	750	750	375	1,875	
Taxi	0	0	0	0	
Total Expenses	4,963	4,963	2,340	12,266	
Pell Grant	2,775	2,775	0	5,550	
Unmet Need	2,188	2,188	2,340	6,716	360

Table 1b. \$20/credit increase

	Fall	Spring	Summer	Total	Increase
Tuition (15 credits Fall/Spring & 6 Summer)	1,575	1,575	630	3,780	
Increase \$20 per credit FY13&14	300	300	120	720	
Room	368	368	175	911	
Board	1,470	1,470	700	3,640	
Fees	150	150	150	450	
Books	500	500	250	1,250	
Personal	750	750	375	1,875	
Taxi	0	0	0	0	
Total Expenses	5,113	5,113	2,400	12,626	

Pell Grant	2,775	2,775	0	5,550	
Unmet Need	2,338	2,338	2,400	7,076	720

Table 1c. \$30/credit increase

	Fall	Spring	Summer	Total	Increase
Tuition (15 credits Fall/Spring & 6 Summer)	1,575	1,575	630	3,780	
Increase \$30 per credit FY13,14,15	450	450	180	1,080	
Room	368	368	175	911	
Board	1,470	1,470	700	3,640	
Fees	150	150	150	450	
Books	500	500	250	1,250	
Personal	750	750	375	1,875	
Taxi	0	0	0	0	
Total Expenses	5,263	5,263	2,460	12,986	
Pell Grant	2,775	2,775	0	5,550	
Unmet Need	2,488	2,488	2,460	7,436	1,080

Table 1d. \$40/credit increase

	Fall	Spring	Summer	Total	Increase
Tuition (15 credits Fall/Spring & 6 Summer)	1,575	1,575	630	3,780	
Increase \$40 per credit FY13,14,15&16	600	600	240	1,440	
Room	368	368	175	911	
Board	1,470	1,470	700	3,640	
Fees	150	150	150	450	
Books	500	500	250	1,250	
Personal	750	750	375	1,875	
Taxi	0	0	0	0	
Total Expenses	5,413	5,413	2,520	13,346	
Pell Grant	2,775	2,775	0	5,550	
Unmet Need	2,638	2,638	2,520	7,796	1,440

NON BOARDING STUDENTS

Table 2. Non-boarding student with one meal.

	Fall	Spring	Summer	Total
Tuition	1,575	1,575	630	3,780
Room	0	0	0	0
Board	368	368	175	911
Fees	150	150	150	450
Books	500	500	250	1,250

Personal	750	750	375	1,875
Taxi	800	800	400	2,000
Total	4,143	4,143	1,980	10,266
Pell Grant	2,775	2,775	0	5,550
Unmet Need	1,368	1,368	1,980	4,716

Table 2a. \$10/credit increase

	Fall	Spring	Summer	Total	Increase
Tuition	1,575	1,575	630	3,780	
Increase \$10 per credit FY2013	150	150	60	360	
Room	0	0	0	0	
Board	368	368	175	911	
Fees	150	150	150	450	
Books	500	500	250	1,250	
Personal	750	750	375	1,875	
Taxi	800	800	400	2,000	
Total	4,293	4,293	2,040	10,626	
Pell Grant	2,775	2,775	0	5,550	
Unmet Need	1,518	1,518	2,040	5,076	360

Table 2b. \$20/credit increase

	Fall	Spring	Summer	Total	Increase
Tuition	1,575	1,575	630	3,780	
Increase \$20 per credit FY13&14	300	300	120	720	
Room	0	0	0	0	
Board	368	368	175	911	
Fees	150	150	150	450	
Books	500	500	250	1,250	
Personal	750	750	375	1,875	
Taxi	800	800	400	2,000	
Total	4,443	4,443	2,100	10,986	
Pell Grant	2,775	2,775	0	5,550	
Unmet Need	1,668	1,668	2,100	5,436	720

Table 2c. \$30/credit increase

	Fall	Spring	Summer	Total	Increase
Tuition	1,575	1,575	630	3,780	

Increase \$30 per credit FY13,14,15	450	450	180	1,080	
Room	0	0	0	0	
Board	368	368	175	911	
Fees	150	150	150	450	
Books	500	500	250	1,250	
Personal	750	750	375	1,875	
Taxi	800	800	400	2,000	
Total	4,593	4,593	2,160	11,346	
Pell Grant	2,775	2,775	0	5,550	
Unmet Need	1,818	1,818	2,160	5,796	1,080

Table 2d. \$40/credit increase

	Fall	Spring	Summer	Total	Increase
Tuition	1,575	1,575	630	3,780	
Increase \$40 per credit FY13,14,15&16	600	600	240	1,440	
Room	0	0	0	0	
Board	368	368	175	911	
Fees	150	150	150	450	
Books	500	500	250	1,250	
Personal	750	750	375	1,875	
Taxi	800	800	400	2,000	
Total	4,743	4,743	2,220	11,706	
Pell Grant	2,775	2,775	0	5,550	
Unmet Need	1,968	1,968	2,220	6,156	1,440

Increasing PELL Revenue

Fall 2011: Average Student Credits by Student Type and Campus

studentTypeDescription	Chuuk	Kosrae	National	Pohnpei	Yap	Total
Continuing	11.7	10.3	12.4	10.6	11.3	11.6
New Student	13.0	11.0	13.5	11.7	13.6	12.4
Returning Student	10.4	8.7	11.4	8.6	5.4	9.6
Total	12.1	10.3	12.5	10.9	11.8	11.7

Fall 2011: Number of Students Against Credits Enrolled by Campus

Credits	Total	Chuuk	Kosrae	National	Pohnpei	Yap
1	2	1				1
3	76	10	10	23	20	13
4	50	11	6	6	22	5
4.5	8				8	

5	4	2			1	1
5.5	2				2	
6	134	20	20	40	35	19
6.5	2				2	
7	100	13	9	18	52	8
7.5	5				5	
8	79	6	9	6	55	3
8.5	5				5	
9	126	17	38	40	25	6
9.5	2				2	
10	159	35	35	22	58	9
10.5	4				4	
11	120	21	11	6	79	3
11.5	14		1		13	
12	691	100	57	356	140	38
12.5	27				27	
13	636	119	51	271	155	40
13.5	6				6	
14	152	34	11	53	50	4
14.5	6				6	
15	191	23	3	121	17	27
15.5	3				3	
16	266	74		92	51	49
17	26	3		20	2	1
18	11	4		7		
19	8			7		1

College Ready Students

The following table shows the COMET 2011 with the recommendations for AY 2011-12 and also what would have happened using the higher criteria originally recommended.

COMET 2011: Impact of Using Original Criteria

	Total	ACE	Cert	Degree	No Admit
Recommendations 2011	1715	489	416	447	363
Original criteria 2011 sample	1715	386	316	158	855
Difference	0	(103)	(100)	(289)	492

From Karen: The new proposed entrance criteria will be:

ACE 8th grade reading comprehension; 35 on essay; and MS 096

Certificate: 6th grade reading comprehension; 28 on essay and MS 096

Degree: 10th grade on reading comprehension; 40 on essay and MS 099

Distance Learning

College of Micronesia

Comprehensive Distance-Education Master Plan with Accompanying
Long-Range Budget Plan

Robert Hogan

A handwritten signature in black ink that reads "Robert P. Hogan". The signature is written in a cursive style with a large initial 'R'.

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November 1, 2011

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Executive Summary

Advances in educational technology, Internet access and speed, and the proliferation of laptop computers throughout the Federated States of Micronesia make online learning viable in 2011. Distance learning offers the potential to make education more accessible and less expensive to deliver throughout the region. In fact reduced educational funding is becoming a significant driving force in the College's consideration of online learning.

This report discusses the practicality, cost effectiveness, and long-term funding required to develop this *COM-FSM Online Learning Master Plan*. This plan, which has been developed by collaboration with the campuses in Chuuck, Yap, Kosrae, and Pohnpei, estimates market needs and size, income potential, and start-up and operational costs.

This report recommends the College:

1. Develop online courses for professional development
2. Develop online degrees
3. Use online learning to increase student success.
4. Use online learning to reduce the need to travel to Pohnpei and the time to graduate
5. Consider partnerships while the College develops its own online program.

The paper includes a long-range budgetary plan to support this distance-learning initiative. Budgetary options are included in Appendix A and market size is reviewed in Appendix B. Key infrastructure decisions are reviewed in Appendix C, and Appendix D reviews essential elements of online policies. Appendix E provides recommendations for online policy.

Introduction

The College of Micronesia National Campus has the Internet access to begin online learning immediately. The same capability can be available at the Pohnpei Campus, making higher education in Pohnpei more accessible. At the same time, it can reduce the need to build more dormitories and classroom space.

The other State campuses have limited Internet access, but it appears the situation continues to improve. The College needs to carefully evaluate Internet capacity on each State.

Recommendation 1. Work closely with government, business, societal stakeholders, and Telecomm to provide the needed Internet access to meet the educational needs of FSM

There are three issues to consider regarding developing an online program at COM-FSM: Cost, sustainability, technology, and students capability to be successful. Online learning will be a challenge for students with low motivation, limited language skills, basic computer. In 2006 these issues tipped the scale against distance learning. Five years later students have laptops, spend their days typing on Facebook, and surfing the Internet. This combination is strengthening student writing, typing, and computer skills. Another advantage of this student change is the ability to use it to make online courses more exciting for students.

It is likely that many students have surpassed faculty in online skills, and faculty training will be required. Table 1 shows the changing climate for distance learning. A 2006 report found distance learning impractical. This 2011 study finds that to no longer be the case. The areas of agreement are shaded.

Table 1 Results of the 2006 online learning report versus 2011 realities

Issue: Distance learning will	2006 Study	2011 Recommendations
Generate College income	No	Yes
Require more faculty time	Yes	Yes
Improves services in poor communication areas	No	No
Successful online learner is self-motivated, and self directed	No	Yes
Adequate computer skills	No	Yes
Adequate language skills	No	Yes
Face-to-face meetings (blended)	Yes	Yes
Showing up late	Yes	No

Passivity	Yes	No
Family duties	Yes	No
Students quit	Yes	No
Shortage of online teachers	Yes	No
Technology (Internet)	Yes	Yes
WASC accreditation a problem	Yes	No
Political barriers	Yes	No

As the table shows, few of the distance-learning issues remain due to:

- Improved Internet connectivity and access
- Greater access to computers
- Asynchronous learning
- Facilitative teaching

Income Generation

Market Size

The inclusion of Yap, Chuuk, Kosrae, National, and Pohnpei campuses into a single marketplace costs nothing. Just the opposite—It adds market size.

Profitability

At the outset, there will be start-up costs for the distance learning. At the same time, the number of courses offered will be small. This report evaluates the initial investment, the time needed to recoup that cost, and other income-generating opportunities. *Selling price:* Do not add a fee for distance learning. Instead, make it a more attractive option. View the College of the Marshall Islands and American Samoan as markets.

Extension Courses

Extension courses are not included in the budgetary calculations because they do not fall under distance learning. However, these can be extremely lucrative. Both distance learning and extension courses are especially attractive because they offer **new markets**. Extension courses are shorter, and charge higher tuition. Areas to consider include:

- a. Marine sciences
- b. Public health
- c. Police, untrained teacher, and secretarial training

Courses to other States

Delivering courses to the other states opens brand **New Markets**. Is this a risky proposition? Absolutely not, because each course is composed of students from all four States. At the distance-learning program onset, think of island States as *market gravy*. They add enrollment with no risk.

The following reply from the Director of the Yap Campus, Ms Lourdes highlights the potential for online learning.

I am quite hopeful and excited about this distance education. I feel that it is something that will be very helpful and beneficial to many, especially at this time of money constraints and poor global economy. The college itself is facing many challenging issues, one of which is decreased compact funding. In addition, the scholarship funding has also been decreased. For Yap State, the decrease in funding is by 70% (from \$500K to \$157K) starting fiscal year 2013. Even at the 500K funding level, it was not enough for all the students who applied for scholarships. (and the scholarship council adheres to a strict eligibility criteria and requirements). With decreased funding, etc., one thing is certain. Many future high school students will not be able to afford going off island to college, even to national campus in Pohnpei. Thus, distance education may be the best opportunity available to those who cannot afford to get a college education and/or training off island.

Right now, Yap Campus has a total enrollment for fall of 228; 148 (65%) of whom are in degree programs. These are students who will need to transfer to either the national campus or another college to complete their degree program. With online courses available, they will have the opportunity and choice to remain on island to complete their program or even move closer to completing their program and avoid the need to go off island for college and its expensive associated costs.

Already, there are several students here on island who are seeking yap state scholarship for their online courses / program. This is something new for the scholarship council and work is in progress to come up with new eligibility criteria / requirements for online students. So the market is there, and COM-FSM should help in this regard if the college truly believes and wants to assist in the economic and social development of the FSM and States.

Technology wise, we can do with what we now have. The college is paying FSM Telecom for services / bandwidth that we are not getting/receiving all the time but I feel that it is an issue

which the 2 parties should work together to resolve and resolve soon. The college already has a policy in place that allows students (not limited to COM-FSM students) who are in online programs to use our computer lab for their online courses at a rate of \$50/semester. Also, ADSL is now available on island for those who can afford it. As for computer skills and internet, the young adults / youth seem to know more and are always enthusiastic to learn new technology skills and keep up with its development. Most of the Yapese students who are attending and/or have attended COM-FSM are majored in Computer Information Science degree program.

If there are specific data that you want / need, please let me know and I'll see what I can do to get them for you. Thank you very much.

Lourdes

Distance Learning Development Approach

The infrastructure needed to support distance learning at the College depends upon the speed of development of online courses. Careful planning will minimize infrastructure costs. My recommendations:

- Avoid random creation of courses—all must lead to degree completion
- Stick with *online certificates and diplomas online*
- Investigate partnerships at the outset to develop an online presence while the College develops its program

The recommended rate of development is two courses in Year 1, followed by four courses each year in years 2-4. The distance-learning program will be sufficiently robust to add 6 courses in Year 5, which will give the College a total online capability of 20 courses. The rate of development can be altered, but it will require development and support staffing.

Recommendation 2. Set up a standard distance learning template for all courses

Recommendation 2. Only course developers place courses online and do updates to ensure they follow the approved style.

Recommendation 3. The primary role of faculty is to identify the curriculum and assignments, as well as to create weekly discussion questions, individual assignments, and team activities.

This preliminary budget draft makes the following assumptions:

- 20 courses developed within five years
- Each online course will have a total of 60 students
- Enrollment is 15 students per section
- Part-time teachers teach each section for \$1,000
- **Each course is only offered once per year**

The assumption is erroneous because each online course can be offered every semester as long as:

Income generated > cost

This means that at the current tuition of \$100 per credit a class size of four students is possible. When the class is open to each campus and FMI, a healthy enrollment should result. However I have not included such a scenario in the development plan in Appendix A. Were the College to offer online courses each semester, that would increase the bottom line shown in Appendix A.

Appendix A: Five-Year Online Learning Development Plan

YEAR	ACTIVITY	COST (K)	COURSES OFFERED	INCOME (\$K)
1	Distance learning director	40	2	36
	Distance-learning staff position	20		
	IT position	30		
	Delivery platform infrastructure	50		
	Part-instructors	8		
	Travel*	15		
	Create two online courses	10		
	Learning management system hosting	10		
2	Add two online courses	5	6	108
	Part-instructors	24		
	Salaries	90		
3	Add two online courses	5	10	180
	Part-instructors	40		
	Salaries	90		
	Additional position	20		
4	Add two online courses	5	14	252
	Part-instructors	56		
	Salaries	90		
5	Add two online courses	5	20	360
	Part-instructors	72		
	Salaries-additional distance position	130		
	Fiscal Balance	-815		936
	Net balance			+121K

Key Infrastructure Decisions

The successful development of the COM-FSM distance-learning program depends on the decisions shown in Appendix C. This consultant's recommendations are indicated by a √.

Appendix B: State Market Size and Internet Access Study

Awaiting data from campus directors

Appendix C. Key Infrastructure Decisions

Key planning and infrastructure decisions are listed in Tables C-1 and C-2.

Table 3-1. Strategic planning decisions--upper management

Choice 1	Yes	Choice 2	Yes
For-profit organization	√	Non-profit	
Joined to department		Separate entity	√
Adjunct faculty	√	Full-time faculty	√
Market academic	√	Market extension	√
Certificates/diplomas	√	Individual courses	
Market FSM	√	Market regional	√
Partnerships	√	Independent	

Table C-1. Operational decisions

Issue		Issue	
Class size	<15	Compensation for course development and delivery	√ Critical to success
Course design--Online versus face-to-face	Blended	Faculty--Full time vs part time	Both
Distance learning management: Academic or distance department	Separate department	Faculty—Local or international	Both
Examinations: online or proctored	Both	Workload	As overload

Appendix D Partnering

As the College of Micronesia develops its online program, partnering is an option to consider. Extension courses can be offered through Ed2, and credit courses may be offered through a community college. As COM-FSM develops its program, it will take back responsibility for delivery of its online courses. A partnership would have the following advantages:

- Begin offering online a wide range of courses immediately
- Establish an online reputation within FSM
- Ensure there is no cost for infrastructure, staff, faculty
- Establish better connectivity
- Offer courses more frequently

College partners with Ed2go include

California State University, Long Beach

California State University, Los Angeles

City College of San Francisco

De-Anza Community College

El Camino College

Fresno City College

Glendale Community College

Modesto Junior College

North Orange Community College District

San Diego State University

San Jose Community College

Santa Monica College

Santa Monica College

Santiago Canyon College

Sierra Community College

Solano Community College

Solano Community College

West Hills Community College

The program description link is <http://www.gatlineducation.com/offerprograms.html>

The partnership link is: <http://www.gatlineducation.com/offerprograms.html>

Appendix E Online College Policy

Appendix F Distance-Learning Organizational Structure

IT and Distance Learning often have different goals—each legitimate. IT has to work within a constrained budget and prioritize work schedules. Distance learning cannot operate with server down town or delays in getting courses online. For this reason, it is recommended to both parties report to the same vice president as shown in Figure F.1

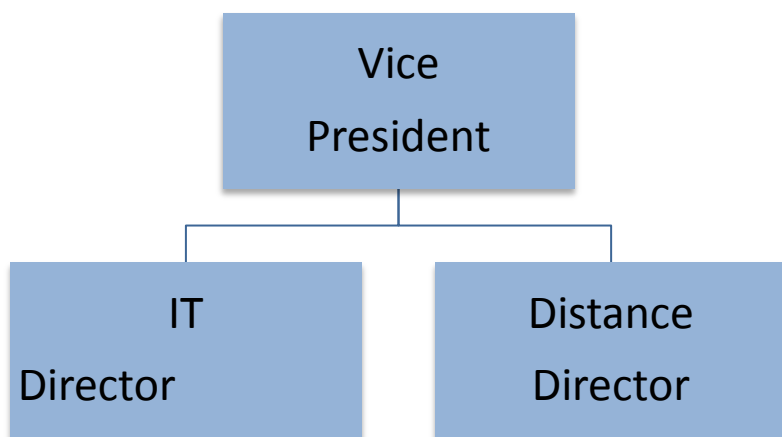


Figure F.1 Proposed reporting structure.

College of Micronesia – FSM

Survey Report

Dormitory Students Survey on Impact of Potential Tuition Increase



Office of Institutional Research and Planning &
Department of Student Services Division of Student Life
October 2011

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Background

The College of Micronesia – FSM is considering tuition increases of \$10 per credit each year beginning in FY 2013 for 4 years (\$115/credit 2013, \$125/credit 2014, \$135/credit 2015 and \$145/credit 2016) to help offset reductions in funding support from the Compact’s Education Sector Grant (ESG).

To assist the college in gauging the impact of such increases, a survey was conducted in October 2011 of dormitory students at the national campus¹. Dormitory students were selected for in-depth review based on recommendations from the Financial Aid Office (FAO). FAO indicated that dormitory students have been facing difficulty in meeting college costs and would likely be the group most affected by a tuition increase. The survey (Appendix A) asked questions to gauge student’s primary means of financing their education, estimates of major funding sources per semester and potential impact. An open ended question was also included for students to express their views regarding the potential increase and its impact.

The survey was prepared by IPRO and the Director of Student Life and was administered by the dormitory staff after discussions and training by the Director of Student Life. Results were keyed into SurveyMonkey for analysis.

Summary of Findings

- The primary basis of financing higher education is PELL Grant with some combination of work study, state and other scholarships, family assistance and working part time.
- Primary source of funding for financing higher education is PELL grant averaging \$2,702.
- State scholarships are awarded to 83 students with an average of \$662. (The limit imposed by JEMCO of \$1,000,000 total for scholarships from Compact funding (down from \$2,600,000) may greatly impact students depending on where COM-FSM fits into state priorities for scholarship awards). If tuition increases while state scholarships go down, over 75% of students would be adversely impacted.**
- Work study provides 82 students with ~\$252 dollar per semester.
- Family assistance impact 44 students averaging \$213.
- 15 students receive other scholarships and 3 students work part time.
- 84.3% of students indicated impact of tuition increases could range from decisions to stay in the dorms at the national campus (14.0%), 21.5% indicated it could affect their decision to attend the national campus and 48.8% indicated it could affect their decision in attending the college.**
- The open ended questions confirmed students response to question 3 regarding impact. Students indicated they are stressed with meeting current college cost with the current levels of tuition and state scholarships. Any increase in tuition, coupled with decreases in state scholarships would affect their ability to meet college costs and could affect their ability to complete programs of study, attend the national campus, or stay in school.**
- Some students also raised quality issues regarding the current level of services received versus cost.

¹ The college also has dormitory students at its FSM FMI campus in Yap, but FMI is funded directly by the FSM National Government and students are not affected by tuition increases.

Demographics of Dormitories and Response Rate to Survey

For fall 2011 Table 1 shows the distribution of dormitory students by gender and state of origin.

Table 2 - Dorm Students by Gender and State of Origin

Fall 2011: Dorm Students by Gender and State of Origin

Sex:	Chuukese	Kosraean	Yapese	Total	%
Female	18	14	28	60	44.1%
Male	20	14	42	76	55.9%
Total	38	28	70	136	100.0%
Percent	27.9%	20.6%	51.5%	100.0%	

The fill rate for the dormitories for fall 2011 is 136/200 or 68.0%.

The response rate for the survey was 122/136 or 89.7%.

Demographics of Dormitory Students from Survey

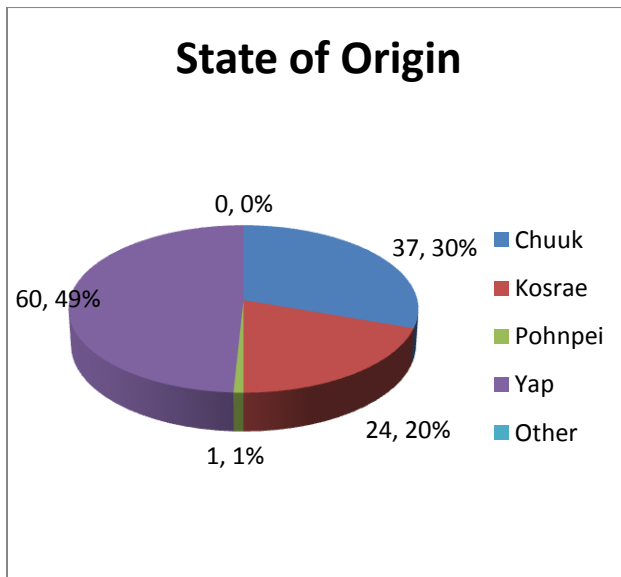


Figure 1 - State of Origin

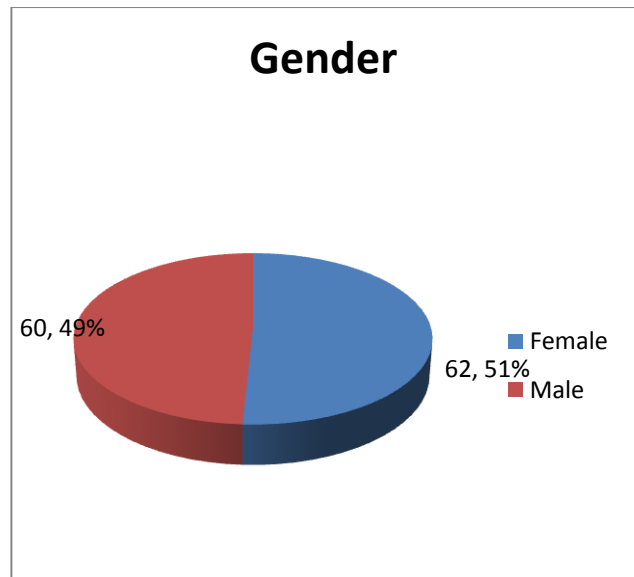
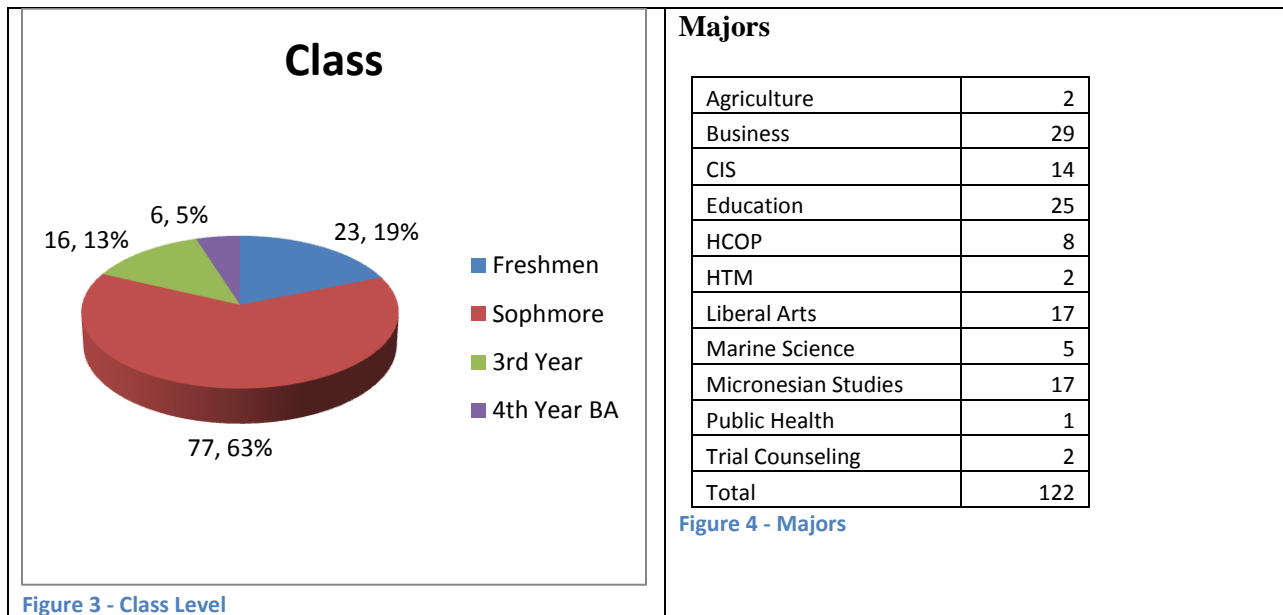


Figure 2 - Gender



Survey Questions

Question#1: How are you currently financing your higher education at College of Micronesia-FSM?

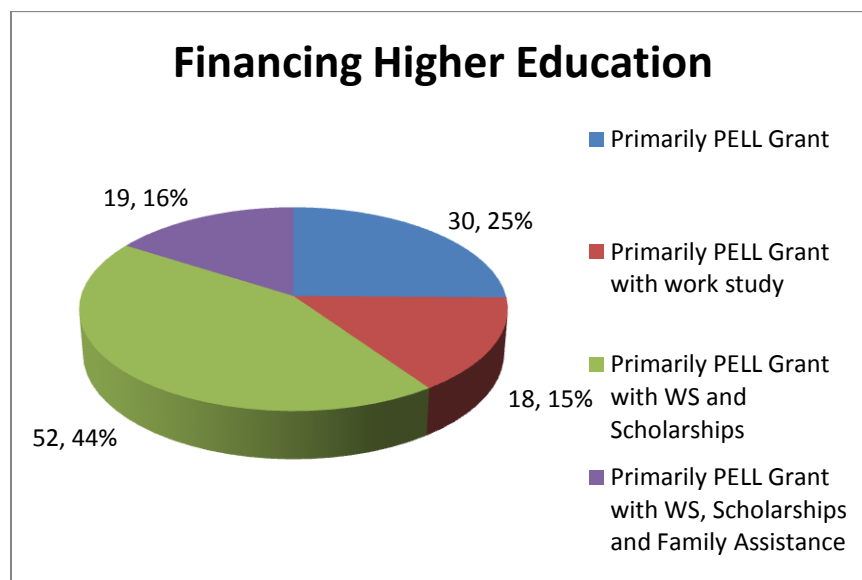


Figure 5 - Primary Sources of Financing Higher Education

Findings:

- The primary basis of financing higher education is PELL Grant with some combination of work study, state and other scholarships, family assistance and working part time.

Question #2: How much would you estimate the following funding sources assist you with attending college per semester?

Please see table 4 in the appendix for a detailed listing of student estimates of financial support from various funding sources by semester.

Table 3 - Primary Sources of Finances (Estimates/semester)

Category	PELL Grant	Work Study	State Scholarship Support	Other scholarships (Rotary, etc.)	Family Assistance	Working part time	Total
Count (response)	121	82	83	15	44	3	106
Average amount	\$2,702	\$252	\$662	\$505	\$213	\$1,367	\$3,825

Findings:

- Primary source of funding for financing higher education is PELL grant averaging \$2,702.
- State scholarships are awarded to 83 students with an average of \$662. (The limit imposed by JEMCO of \$1,000,000 total for scholarships from Compact funding (down from \$2,600,000) may greatly impact students depending on where COM-FSM fits into state priorities for scholarship awards). If tuition increases while state scholarships go down, over 75% of students would be adversely impacted.
- Work study provides 82 students with ~\$252 dollar per semester.
- Family assistance impact 44 students averaging \$213.
- Only 15 students receive other scholarships and only 3 students work part time.

PELL Grant forms the foundation for students financing of higher education, but for other sources the number of students and the amounts realized vary. 82 students receive work study that averages ~ \$252 and only 73 indicated that they received state scholarships even if the amount received was higher ~ \$738.

Question #3: If the college increased its tuition by \$10/credit for each of the next four years (2013 - \$115/credit, 2014 - \$125/credit, 2015 - \$135/credit, 2016 - \$145/credit) how would it affect your decision regarding higher education at COM-FSM?

Table 4 - Potential Impact of Increasing Tuition on Dorm Students

Issue	Response	Percent
No impact – would continue attending the college at the national campus and stay in the dorm	7	5.8%
Some impact – might need to seek additional sources of funding to attend college	12	9.9%
Some impact – might affect my decision in staying in the dormitory at the national campus	17	14.0%
Major impact – might affect my decision in attending the national campus	26	21.5%
Major impact – might affect my decision in attending the college	59	48.8%

Findings:

- 84.3% of students indicated impact of tuition increases could range from decisions to stay in the dorms at the national campus (14.0%), 21.5% indicated it could affect their decision to attend the national campus and 48.8% indicated it could affect their decision in attending the college.**

Question #4: Comments (open ended responses):

An opened ended comment section was added to allow survey participants to express any concerns related to tuition increases. 83 individuals provided comments out of the 122 total. The responses were reviewed and categories developed. The major of response fell into three main categories: Concern over increasing tuition and ability for students to complete program study or attend the college or the national campus, difficulty meeting current cost (tuition/room& board) (increasing tuition has the biggest impact on dorm students) and quality of room and board services against amount they pay. Note that a response may be counted in more than one category.

Table 5 - Opening Ended Questions Categories

Response Categories	Number of Responses per Category
Student concern over increasing tuition and ability for students to complete program study or attend the college or the national campus	61
Dorm students having a difficult time meeting current cost (tuition/room& board), increasing tuition has the biggest impact on dorm students	56
Student concern over quality of room and board services against amount they pay	8
a) Lack of majors offered at the state campuses, b) Concern about Faculty/Staff salary c) Limited Jobs (work-study/part-time)	1 response each

Findings:

- The open ended questions confirmed students response to question 3 regarding impact. Students indicated they are stressed with meeting current college cost with the current levels of tuition and state scholarships. Any increase in tuition, coupled with decreases in state scholarships would affect their ability to meet college costs and could affect their ability to complete programs of study, attend the national campus, or stay in school.**
- Some students also raised quality issues regarding the current level of services received versus cost.

Appendix A: Survey Form

College of Micronesia – FSM
Survey of Dormitory Students on Potential Increase in Tuition
Fall Semester 2011
Student Services and Institutional Research and Planning

With decrease in funding from the Education Sector Grant from the Compact funding, the college is looking at potential sources of revenue. The following survey addresses what would be a likely impact of increasing the tuition on dormitory students.

State of Origin:

- Chuuk
- Kosrae
- Pohnpei
- Yap
- Other (please specify):

Gender:

- Female
- Male

Class:

- Freshmen
- Sophomore
- Third Year
- 4th Year BA

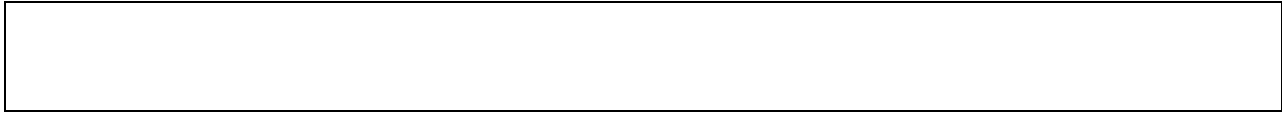
Major (please specify): _____

1. How are you currently financing your higher education at College of Micronesia-FSM?
 - Primarily PELL Grant
 - Primarily PELL Grant with Work Study
 - Primarily PELL Grant with Work Study and State & Other Scholarship Support
 - Primarily PELL Grant with Work Study and State & Other Scholarship Support and Family Assistance
2. How much would you estimate the following funding sources assist you with attending college per semester?

Funding source	Amount (\$)
PELL Grant	
Work Study	
State Scholarship Support	
Other scholarships (Rotary, etc.)	
Family Assistance	
Working part time	
Total	

3. If the college increased its tuition by \$10/credit for each of the next four years (2013 - \$115/credit, 2014 - \$125/credit, 2015 - \$135/credit, 2016 - \$145/credit) how would it affect your decision regarding higher education at COM-FSM?
 - No impact – would continue attending the college at the national campus and stay in the dorm
 - Some impact – might need to seek additional sources of funding to attend college
 - Some impact – might affect my decision in staying in the dormitory at the national campus
 - Major impact – might affect my decision in attending the national campus
 - Major impact – might affect my decision in attending the college

Comments:



Appendix B: Student Estimates (\$) from Funding Sources

Detail Question 2: How much would you estimate the following funding sources assist you with attending college per semester?

Table 6 - Estimates of Financial Support by Student per Semester

Number	PELL Grant	Work Study	State Scholarship Support	Other scholarships (Rotary, etc.)	Family Assistance	Working part time	Total
1	2775						2775
2	2775	250	750				
3	2775	250	500	1000	200		4725
4	2775						2775
5	2775						2775
6	2775		652				3427
7	2775		500				3275
8	2775						2775
9	2775	250	652		300		3997
10	2775	250	652				3677
11	2775	250	900				3925
12	2775	250	500		\$100 yearly		3425
13	2775	250					3025
14	2775	250					3025
15	2775	250					3025
16	2775	250	800				3827
17	2775	250					2477
18	2775	250					3025
19	2775	250	500				3525
20	2775	250	500				3525
21	2775	250	500	1250		75	4600
22	2775	250	675		50		3050
23	2775		500				3275
24	2775		1000	250			4025
25	2775	250	500	250	200		3975
26	2775	250	652		500		4177
27	2775	250	500	250	200		3975
28	2775	250	652				3677
29	2775		652				3427
30	2775		652				3427

Number	PELL Grant	Work Study	State Scholarship Support	Other scholarships (Rotary, etc.)	Family Assistance	Working part time	Total
31	2775	250	652		50		3727
32	2500	250	652		50		3727
33	2775	150	654		200		3779
34	2775	250	652		150		3829
35	2775	250	652				3677
36	2775	250	652		100		3777
37	2775				500		3275
38	2775		652		500		3927
39	545		652		800		1997
40	2775			652			
41	2775		300	200			3725
42	2775	250	750				3775
43	2775	250	\$500-600	475	200		4300
44	2775		650		600		3750
45	2775	250	652	500	200		4377
46	2775				500		3275
47	2775				300		3075
48	2775	250	600			3625	
49	2775						2775
50	2775						2775
51	2775	250	600				3625
52	2775	250	1000				4025
53	2775	200			100		3075
54	2775	250					3025
55	2775						2775
56	2775	250	750				3775
57	2775	250	1000				4025
58	553		642		600		1795
59	2775	250	1522				4547
60	2775	250	600	250	250		4125
61	2777	250					3025
62	2775	250					3025
63	2775	250	652.5				3677.5
64	5000	75					5075
65	2775	250	652		100		3777
66	5000	250					5250
67	2700		652		100		3452

Number	PELL Grant	Work Study	State Scholarship Support	Other scholarships (Rotary, etc.)	Family Assistance	Working part time	Total
68	2700	100	60		100		2960
69	2774	250	1500				
70	2775						3000
71	2770	250					
72	2770						
73	2775		625				3427
74	2775	250	652		60		3737
75	2775	250	500				3525
76	2775	250	650				3675
77	2775	250	500				
78	2750	250					3000
79	2750		700				3450
80	2082	200	652		50		2984
81	2775	250					3025
82	2775	500	500				3775
83	1000				70		1070
84	2775						
85	2277						
86	2999	500	700		50	400	4345
87	2775	250	642	none	150		3817
88	2779	none	900	none	500	none	4175
89	2775	250	625		500		
90	2775	250	600				3625
91	2775	250	652		60		3737
92	2770	250	750				3115
93	2775	0	500		200		3457
94	2775	400	600		50		3875
95	1000	75			100		
96	2775	400	500	600			4275
97		250			35		285
98	2775	250	750				3775
99	2775	250	652		100		3577
100	2775		650				3275
101	2775						
102	2775	250	647		100		3772
103	2775	250	1500				4525
104	2775				150		\$2825.00`

Number	PELL Grant	Work Study	State Scholarship Support	Other scholarships (Rotary, etc.)	Family Assistance	Working part time	Total
105	2775						2775
106	2775	250	500				3525
107	2500		645	500	100		
108	2770	250					3020
109	2775	0	652		100		3527
110	0		400				40000
111	2775						
112	2775	250					2975
113	2000	600	600				3200
114	2775	250	500	1000	100		4625
115	2775	250					3305
116	2775	NA	625				3427
117	2775	250	650	100			3775
118	2775	250	750				3775
119	2775	250	500				3525
120	2775	250	625				3677
121	2775	250	900	300			
122	2775	250	650				