

Breakout on Budget 2013

Group #:	1
Department:	Department of Administrative Services/President Office
Campus:	All campuses
Position Title:	Janitors/

President’s Retreat 2011

Proposed JEMCO Resolution

College of Micronesia (COM) Operational Funding through the Compact Education Sector

JEMCO resolves that effective in FY 2013, Compact sector funds provided to the College of Micronesia (COM) shall be reduced at a minimum annual rate of \$700,000. The reduction shall be implemented over a four year time period or until annual Compact funding for the College of Micronesia is reduced to \$1,000,000 per year.

JEMCO further resolves that project proposals for COM infrastructure projects will not be considered for approval by the JEMCO during the Fiscal Years period of 2012-2016.

If the proposed JEMCO resolutions are adopted how can the college address the recommended \$700,000 reduction in ESG funds in FY 2013?

Question 1: What are possible sources where additional revenue can be sought? How likely is it that the college might receive funding from this source?

Source & strategy	Potential Amount	Likelihood of receiving funds expressed as a percent?
Gradual Increase in tuition by 10/credits per year for four years starting 2012	650,000 per year	80% year 1 60% year 2 40% year 3 20% year 4
FSM subsidy to the National college from local revenue (Captive Insurance, fishing fees, VAT)	4.0 million dollars a year	50%

Major structural change	5% reduction of operating cost = \$500k	50%
State Government funding support for the college	\$50K YEAR 1 and \$100k each year thereafter.	50%
Combination of all of the above strategies		Depends on the outcome and success of each strategy. 100%

Whatever happens at the institutional level will affect the department's budgets.

Question 2: If the \$700,000 is cut from the budget in FY 2013 – where are areas for potentials reductions (cuts)? Please address the question first from the perspective of your department, second from an institutional level perspective, and third from other departments of the college.

1: Your Department

Area for reduction/strategy	Potential amount	Pros	Cons	Impact (address both short and long term impact)
Travel reduction by 100%	120K	Reduction of cost	No site visit	Impact face to face communication and continuing monitoring for improvement.
Implement stricter energy conservation	TBD	REDUCTION OF COST	Human dissatisfaction	Human discomfort and ability to produce

2: Institutional level interventions

Area for reduction/strategy	Potential amount	Pros	Cons	Impact (address both short and long term impact)
Freeze step increases	250k/ year	Reduction of cost	Losing qualified personnel	Impact services/Hiring of personnel/fewer people might come here.
Review housing policy	TBD	Reduce cost	Losing qualified personnel	Losing qualified personnel/impact negatively on the college services

3: Other departments

Area for	Potential amount	Pros	Cons	Impact (address both short and long term
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reduction/strategy				impact)
Maximize class size	TBD	Reduction of costs	Not beneficial to students due to time conflict.	Reduce overload and maximize efficiency

Question 3: Long term if the proposed reduction over four years of \$2,800,000 is realized, what strategies can be used for increasing revenue and decreasing expenses?

Long term strategies for increasing revenue:

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Long term strategies for decreasing expenses:

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