

Breakout on Budget 2013

| | |
|------------------------|-----------------------------|
| Group #: | Group Number One |
| Department: | Student Services Department |
| Campus: | |
| Position Title: | |

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 (A) | Likelihood of receiving funds expressed as a percent? |
|--|----------------------|--|
| Other countries <ul style="list-style-type: none"> • Grants • Donations • Memoranda of Agreements/Understanding | \$100,000.00 | Grants <ul style="list-style-type: none"> • 80% of A Donations <ul style="list-style-type: none"> • 5% of A MOA/MOU <ul style="list-style-type: none"> • 15% of A |
| Local revenues (what are generated in the | \$50,000.00 | |

| | | |
|---|-------------|---|
| FSM) <ul style="list-style-type: none"> • Donations by NGOs, alumni, and other local groups • Congress and State appropriations • Fund raising | | Donations from NGOs, etc. <ul style="list-style-type: none"> • 50% of A Congress and State appropriations <ul style="list-style-type: none"> • 40% of A Fund raising <ul style="list-style-type: none"> • 10% of A |
| Non profit organizations (international) <ul style="list-style-type: none"> • Church subsidies • NGO grants • Donations, charities, etc. | \$10,000.00 | Church Subsidies <ul style="list-style-type: none"> • 40% of A NGO grants <ul style="list-style-type: none"> • 50% of A Donations, charities, etc. <ul style="list-style-type: none"> • 10% of A |

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) |
|------------------------------------|-------------------------|---|---|--|
| Student travel | 100% cut of \$75,000.00 | <ul style="list-style-type: none"> • Significant savings • Savings in infrastructures | <ul style="list-style-type: none"> • Less National Campus enrollment of students from other states | <ul style="list-style-type: none"> • Low enrollment/Less Revenue • Distance education programs should be available at the state sites. |
| | | | | |
| | | | | |

2: Institutional level interventions

| Area for reduction/strategy | Potential amount | Pros | Cons | Impact (address both short and long term impact) |
|---|--|---------|---|--|
| Salary (Freeze) | \$300,000.00 | Savings | Complaints No incentives High turn-over | *Not going to attract qualified expats |
| Staff travel | See Business Office | Savings | Less mileage Not updated on info, use of tools, skills, and best practices | |
| Office supplies | Cut 20 % of amount allocated to supplies | Savings | Quality of services | |
| Reduce the number of meetings of BOR – cut it to only 2; President’s retreat make once in every two years | See business office, no data available | Savings | | |

3: Other departments

| Area for reduction/strategy | Potential amount | Pros | Cons | Impact (address both short and long term impact) |
|---|------------------|---------|------------------------|--|
| Personnel (mandatory retirement at 65 years old). | \$1,000,000.00 | Savings | Loss of good personnel | <ul style="list-style-type: none"> • Less quality in the delivery of programs and services. |
| Right size programs/Eliminate programs | | | | <ul style="list-style-type: none"> • |
| | | | | <ul style="list-style-type: none"> • |

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:

-

Long term strategies for decreasing expenses:

-