College of Micronesia – FSM
Assumptions of Five Year Financial Plan

Year 1: 2013

- The college will continue to offer six associate of arts degrees, eight associate of science degrees and three associate of applied science degrees, seven third – year certificates of achievement and fourteen other certificates of achievements. Other short – term certificate programs will also be offered at the state campuses in response to expressed local needs.
- The college is projected to serve 6,267 students for three semesters at five campuses.
- The projected revenue consists of tuition and fees of $6.931 Million, and support from FSM National Government of $3.8 Million or a total of $10.731 Million. Though, JEMCO adopted a resolution reducing the funding by $700k every year starting 2013 to 2016, the FSM National Government has committed to financially support the college. Thus, the reduction of $700k from ESG was projected to be subsidized from the local revenue of the nation.
- The resources of $10.606Million was allocated as follows:
    - 51% to instructions and instructional support
    - 12% to student support
    - 37% to management and administration of the college
- The projected financial plan for 2013 is expected to provide positive results of $125k.

Year 2: 2014

- The college will continue to offer existing programs based on the program prioritization plan and program review.
- The projected number of students is expected to remain at the same level of 2013 despite the projected tuition increase.
- The college will implement a tuition increase by $10, from $105 to $115 per credit effective fall 2013 to generate additional revenue by $619k.
- The college will institute measures to increase the average credit to full time equivalent to generate additional revenue by $208k.
- The college will consolidate other sources of revenue which is projected to provide about $130k.
- The college will consider the reduction of support from ESG by another $700k, from $3.1 Million to $2.4 Million.
- The college will include the funding commitment from the FSM National Government for the decrement from ESG of $1.4 Million.
- The resource of $11.136 Million will be allocated to programs and services based on program review.
- Additional 5% increment in budgetary expenditures was provided for inflation, salary step increases which was placed on hold in 2013, and other activities.

Year 3: 2015

- The college will continue to offer existing programs based on the continuous program review.
- The projected number of students is expected to remain at the same level of 2014. The expected increase in students may be offset due to the projected tuition increase.
- The college will implement the second tuition increase by $10, from $115 to $125 per credit effective fall 2014 to generate additional revenue by $621k.
- The college will consider the third reduction of support from ESG by another $700k, from $2.4 Million to $1.7 Million.
- The college will include the funding commitment from the FSM National Government for the decrement from ESG of $2.1 Million.
- The resource of $11.694 Million will be allocated to programs and services based on program review.
- Additional 5% increment in budgetary expenditures was provided.

Year 4: 2016

- The college will continue to offer existing programs based on the continuous program review.
- The projected number of students is expected to remain at the same level of 2015 due to the projected tuition increase.
- The college will implement the third tuition increase by $10, from $125 to $135 per credit effective fall 2015 to generate additional revenue by $636k.
- The college will consider the last reduction of support from ESG by $700k, from $1.7 Million to $1.0 Million.
- The college will include the funding commitment from the FSM National Government for the decrement from ESG of $2.8 Million.
- The resource of $12.278 Million will be allocated to programs and services based on program review.
- Additional 5% increment in budgetary expenditures was provided for inflation, salary step increases which was placed on hold in 2013 and other activities.

Year 5: 2017

- The college will continue to offer existing programs based on the continuous program review.
- The projected number of students is expected to increase by 2%. The increase in number of students will generate additional revenue by $178k.
- The college will not implement any tuition increase.
- The college will consider $1.0 Million from ESG and $2.8 Million from the FSM National Government general fund.
- The resource of $12.892 Million will be allocated to programs and services based on program review.
- Additional 5% increment in budgetary expenditures was provided.

Financial Highlights

- The college continues to maintain a strong financial position:
    - Net unrestricted surplus as a percentage of the annual operating budget is 67%.
    - Institutional unrestricted reserve as a percentage of annual unrestricted expenditures is 46%.
    - Ending cash balance was about 40% of the actual expenditures for the year.
    - Acid test ratio is 2.5 to 1
- The financial documents including the budget, annual audit report, financial reports to the accreditation commission, quarterly board reports and reports to offices.
- There were no any audit findings that required a response in the last three years.
- The college has no long – term obligation and no obligation on retirement plan. The college retirement plan is Defined Contribution Plan.
- The college has no deferred maintenance and all scheduled maintenance are appropriately funded from reserves.
- Construction and replacements of capital assets are funded from the Infrastructure Development Plan of the nation.
- The college has a diversity of funding support from foreign sources. The huge gym for student activities was a grant from China through the FSM National Government. Other grants were also received from Australia, New Zealand and Japan.