

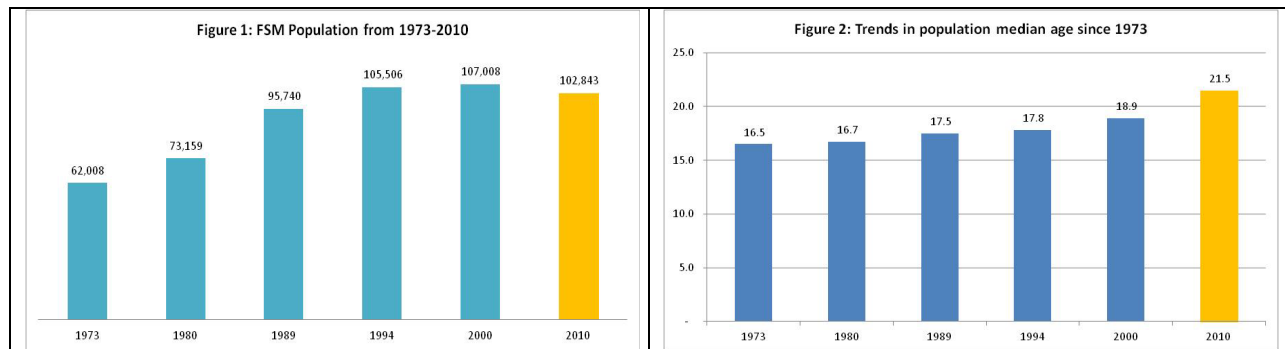
External Environment Scan

Overview of the Federated States of Micronesia (FSM)

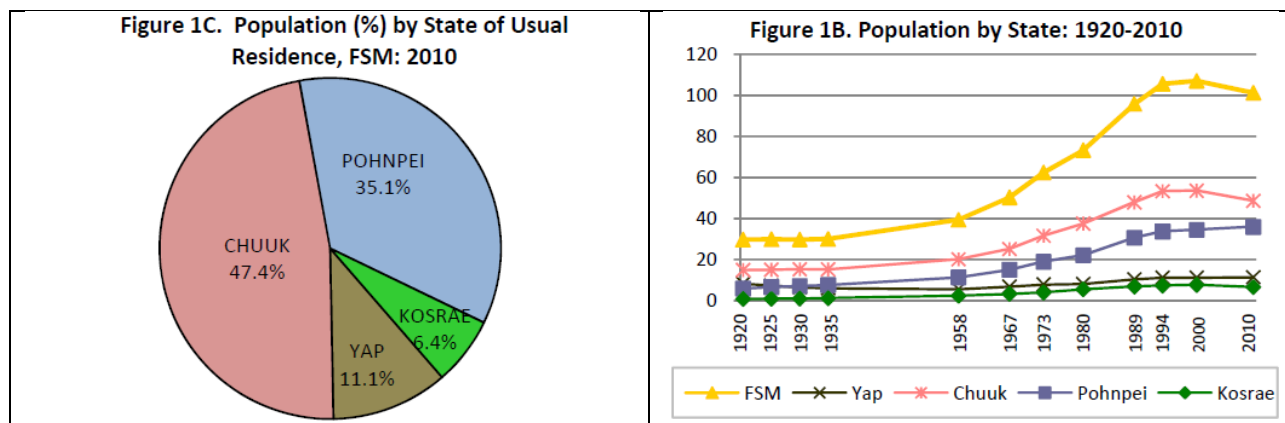
The college primarily serves students from the Federated States of Micronesia (FSM). The FSM is a Small Island Developing State located in the western Pacific composed of four island states: Chuuk, Kosrae, Pohnpei, and Yap. Each state has its own unique languages and cultures. Politically, the FSM is an independent nation, but has entered into a Compact of Free Association with the United States. The Compact extends certain benefits to the FSM including eligibility for Pell Grant and ability to enter the US without a visa for schooling and work. Substantial numbers of FSM citizens have also joined the US armed forces. While the Compact has no ending date, the current economic provision will expire in 2023.

Population Trends

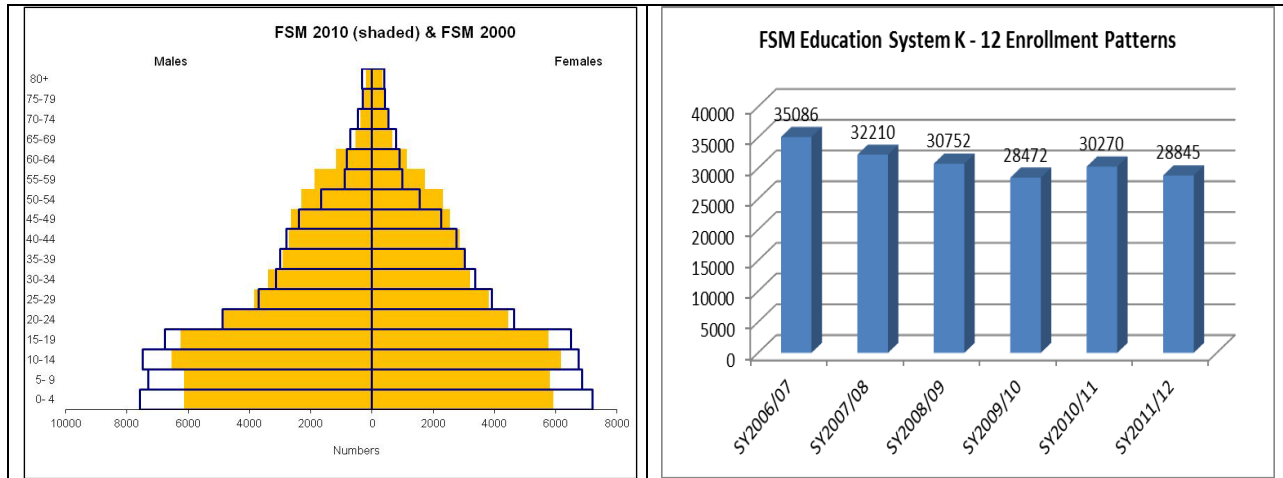
The college primarily serves students from the FSM. Following is a brief overview of the demographics of the FSM and its four states: Chuuk, Kosrae, Pohnpei and Yap based on information from the FSM National Government’s Statistics Division and the FSM National Department of Education.



From 1975 to 1994 the FSM population was in a steady increase. Beginning with the 2000 census a slowing of the increase was observed, with the 2010 census showing a decline in overall FSM population. Current (2010) median age is at 21.5 years, a significant increase from the 18.9 in 2000.



For the FSM states we see an increase in Pohnpei's population and decrease in other states.



Of special importance to the college are changes in K – 14/16 age students. The FSM's population pyramid is showing significant reductions in the age groups for 0-4, 5-9, 10-14, and 15-19. Data from the FSM National Department of Education shows the impact on K – 12 enrollments. Changes in the demographics of the FSM will have a significant impact on the college.

Economic Conditions

The following tables from the Asian Development Bank (ADB), US Office of Insular Affairs and the CIA Factbook provide a snapshot of the economic condition of the FSM along with key economic development indicators.

Table 2. Federated States of Micronesia: Development Indicators

Non-MDG	
Population in millions	0.10 [2011]
Annual population growth rate (%)	(0.4) [2009–2011]
Adult literacy rate (%)	92.4 [2000]
Percent of population in urban areas	22.7 [2010]
MDG	
Population living on less than \$1.25 (PPP) a day (%)	31.2 ^a [2000]
Population living below the national poverty line (%)	29.9 [2005]
Under-5 mortality rate per 1,000 live births	42 [2010]
Population using an improved drinking water source (%)	94 [2005]

() = negative number, ... = data not available, MDG = Millennium Development Goal,
PPP = purchasing power parity.

^a Urban only.

Sources: ADB. 2012. *Basic Statistics 2012*. Manila;
World Bank. 2012. World Development Indicators Online.

Table 3. Federated States of Micronesia: Economic Indicators, 2007–2011

Economic Indicator	2007	2008	2009	2010	2011
Per capita GNI, Atlas method (\$)	2,510	2,480	2,640	2,740	...
GDP growth (% change per year)	(2.1)	(2.4)	0.7	3.1	1.4
CPI (% change per year)	3.6	6.6	8.2	4.3	7.9
Unemployment rate (%)
Fiscal balance (% of GDP)	(2.5)	(1.7)	1.6	1.2	0.4
Export growth (% change per year)	38.8	5.2	(7.8)	19.1	...
Import growth (% change per year)	0.7	12.5	4.2	3.1	...
Current account balance (% of GDP)	(7.3)	(15.6)	(18.9)	(15.5)	(17.1)
External debt (% of GNI)	23.8	24.8	27.6	26.4	...

() = negative, ... = data not available, CPI = consumer price index, GDP = gross domestic product,
GNI = gross national income.

Sources: ADB. 2012. *Asian Development Outlook 2012*. Manila;
ADB staff estimates;
World Bank. 2012. World Development Indicators Online.]

United States Office of Insular Affairs <http://www.doi.gov/oia/islands/fsm.cfm> provides the following basic information on the FSM.

Estimated GDP: \$238.1 million

Per capita GDP: \$ 2,205

U.S. per capita GDP: \$45,800

Compact Aid

Compact aid: \$81.7 million (FY 07)

Other Federal grants: \$15.3 million (FY 07)

Total payroll employment: 16,360

Private sector employment: 7,542

Government employment: 8,265

DRAFT: 6 March 2013

CIA Facebook Key Information <https://www.cia.gov/library/publications/the-world-factbook/geos/fm.html> on unemployment and poverty rates.

Unemployment 22% (2000 est.)

Poverty rate 26.7% (2000)

The FSM economy is heavily dependent on contributions from the US under the Compact. A Trust Fund has been established to assist the FSM once the current economic provision expires in 2023, but it is underperforming.