

ALL CAMPUS MEETING 10/23/13

GOOD AFTERNOON!

President Daisy has asked that I conduct this all campus meeting this afternoon to brief all on the progress of the development of the budget for 2015. Beginning last month, we have been involving the Finance Committee, PRC, and the Council of Chairs in the discussion of the following:

1. Budget assumption and projections
2. Currently the VPs and the committees are working on resource allocations by departments, offices, programs and campuses.
3. Based on our budget manual, we are scheduled to compile the final budget by middle of next month.
4. The BOR will review and approve the budget in their December 2013 regular meeting in Chuuk.
5. The budget will be sent to the FSM President before January 15th

Let me begin by reviewing what is currently happening while we work on the budget for 2015.

1. As in any budget development. To have a balanced budget, revenues must equal your expenses.

2. In 2012, we developed a five year financial plan based on best case scenario assumption that we will maintain increase in student enrollment. In 2013, we developed the 2014 budget based on this five year financial plan best case scenario. I must also note that the VPs developed 4 scenarios based on environmental scans regarding raising the entry requirement on the COMET, outmigration, decrease in enrollment in the K-12 school system, starting of colleges in Chuuk, like Chaminade, bible college, increase in tuition, implementation of the facilities fee, etc as assumption.
3. The development of the budget 2015 is a little difficult because we are now using a realistic budget assumption and projection based on actual trends of FTE and students enrollment Fall 2012 and Fall 2013 and make the 2015 budget projection.
4. So the 2015 budget projection is based on \$125 per credits, \$175 per students for facilities fee, maintain government contribution of \$3.8 million, \$100,000 from indirect cost, projecting that level of FTE will decrease based on 10% decrease in student enrollment.

TOTAL BUDGET FOR THIS FISCAL YEAR 2014 IS:

\$11,753,870

TOTAL 2015 REVENUE PROJECTION: \$10,859,450

5. The budget 2015 is created to realize the following level expenditures:

1. Personnel\$7,591,102 based on 65% of total budget or \$7,058,643 60% of the total budget.
2. Housing at\$680,600
3. TCO.....1,333,114
4. Communication.....\$306,960
5. MIP/Insurance/audit.....\$142,600
6. Chuuk Campus lease.....\$95,000
7. Summer faculty contract.....\$265,987
8. Recruitment/Repatriation.....\$60,000
9. Student Travel.....\$71,000
10. Tutor Contract.....\$55,000

What is left to allocate to Travel, supplies, contracts, OCE, fixed assets minus all fixed cost is: **\$789,945**

If we chose to cut additional 5% of personnel, we will have increased left over allocation of fund to **\$1,332,918**.

How will that be achieved?

1. Shelf programs that are no longer bringing in revenue.
2. Not renew contracts of employees at the end of their anniversary.

HOW ARE WE GOING TO ADJUST THE 2014 BUDGET?

1. Due to decline in FTE, we will need to adjust the budget 2014 budget.
2. Fall 2013 we have a decline of FTE from 32,350 to the actual of 27,973 credits.
3. Total adjustment we need to make for Fall Semester is \$91,129
4. Total amount of Vacant position in 2014 is:
\$685,993
5. If the Spring and Summer 2014 enrollment continue to decrease, we projected \$500,000 dollars shortfall. We can easily accommodate that by continuing with the freeze on hiring of personnel.

