Notes on FY2015 Budget Meetings – with All VPs and President
President's Conference Room
October 10, 2013 2pm

Attendance: President COM-FSM, Joseph M. Daisy
Vice President, Joseph Habuchmai/Admin Services
Vice President, Mariana Ben-Dereas/Instructional Affairs
Vice President, Frankie Harris/IEQA
Vice President, Jim Currie/CRE
Acting Vice President, Joey Oducado/Student Services
Executive Assistant to President, Norma Edwin

Staff: Francis Alex
Sinobu H. Lebehn

VPAS opened the meeting and thanked all the VPs for their work on their allocations and their verification of their personnel component of their budgets.

Data generated was compiled from: budget workbooks submitted by respective vice presidents with personnel adjusted to a 3% salary increment, as recommended by the VPs during their previous meeting of October 3, 2013.

Listing of fixed costs for the FY2015 budget for the group to review and discuss by VPAS:
Personnel at 7.4million vs. FY14 personnel was projected at 7.8m
TCO stands at 1.3million dollars. - TCO encompasses preventative maintenance and all utilities across the college. Chuuk campus lease is at 96,600 as fixed cost, insurance for all buildings college wide $158,234.00, TracDat is $25,000.00, CCSE is $10,000.00. Totaling at 9.3 million dollars.

Revenue projection scenarios

Scenario1	11,632,723
Scenario2	12,019,359
Scenario3	11,246,086
Scenario4	10,859,450

VPAS:_ In 2014 we brought it down to 11.7million dollars. So that's where we are at this point in time. So now it's open for your good ideas that we can discuss. We can look at it so many different ways, one of them could be scenario 3, and then we put in those hard mitigations in place, for example, involving students to help us in recruitment in order for us to accelerate with the enrollment.

President: FY13/ FY14 decline in enrollment was significantly high at 13%. Scenarios 1 &2 call for 5% reduction in enrollment and 10% in enrollment. It's not reality. So might as well scrap scenario 1 & 2 from discussion. The real discussion is going to be scenario 3 or 4. Last year when we put the 5-year financial plan together, we did the best case scenario with all the promises of various mitigations that are going to be in place but was not realized. So I don't have a lot of confidence in promises of achieving results from mitigations. I want to see the results. Because if we build the budget here based on some assumptions around 4% reduction in enrollment with promises of mitigation that is going to boost revenue, we already setting ourselves up to failure and have to come back to readjust 2015 budget. So I think the responsible step moving forward is to look at scenario 4 and also take steps building those mitigations and then maybe a greater incentive for people to follow thru on that.

The group had a long discussion over budget process and agreed upon the followings:

- ✓ FY2015 revenue will work with Scenario #4 - $10,859,450
- ✓ Salaries to be re-adjusted back to salary increment of 5%

The group also had discussions on cost savings:

- ✓ Realize cost savings from unfilled positions
- ✓ Eliminate redundancies in position - we really scrutinize what we have and whether or not it's actually necessary and what is redundant and
- ✓ Positions were frozen and then we assess them and we might eliminate what is not necessary or redundant.

  President: Institutions of higher education best practices around percent ration of personnel cost to total budget revenue is 60%. So if we look at our budget and the budget is 10.8 and our personnel total is 7.4 means we have to cut our personnel by 10% to achieve a ration of 60%.

- ✓ We need to take a look at every single campus against its revenue and its cost

  We have to look at that in the same way we look at programs. And then we can make some decisions if a campus only has a 100 fulltime student and a 100 part-time students but its cost is as if it is serving 800 students we got problem.

- ✓ With program review and program prioritization

  President: From the past we put programs on a watch list. Are we now able to send out word that these programs are in fact on the list that could be shelved?
  Mariana: No, we gave them till March to turn in their program review so that between March to May we can actually have groups to do the program prioritization so that in summer we will have time to write the report for the program prioritization.
  President: We make that decision now based on their performance to date. So when we're going to look at the last program prioritization and where are now. If they have not met their goal, we put them on the watch list now and we tell them we're not going to enroll students in that program anymore. We make that decision now. If that is going out at the campus, we can close that program there and bring in those students. We make a decision because it is a financial status. We can consult those students that we will transfer the students here. Or if the students prefer, they can change major. It doesn't say that we have to provide that program there. That I think we should do across the college. We have to put the question about how many programs we offer at the campuses and at what point we determine that that campus is no longer viable.

- ✓ promote the culture of cross training and we maximize the use of our human resources

- ✓ Equivalency plan

  President: Let's follow something we can do quickly. For example, Yap Campus uses a nurse from the community health center. Pohnpei and Kosrae campuses should do the same. Students can go to the hospitals. We don't need to two full time nurses. National and FMI campuses may need nurses for the residence students. The state campuses have added personnel to be equal to what is offered here, and that is not required, what is required is that there are equivalent services that are provided not equal services. So example at Pohnpei Campus, if we have LRC here why can't those students have the access of the LRC here? Why do we have to have an LRC there? And if it requires buying a couple of buses and developing a shuttle services, then we shift those resources there because the same could be said of business offices, Student Services, if we can provide the services to our students here and they have access here why we providing equal services there. We could do equivalent services, and if we have staff here in the Business Office and we need to send them to do office hours down there, or Human Resources or any of those services there. So that can be the equivalency plan.

President's Concerns:

I will cite my recent visit to Kosrae campus:

We have a carpentry shop sitting empty, but yet we're paying State of Kosrae DOE rent so that we can have a couple of offices and a conference room where classes are being held. And we have two AHEC offices, one is a brand new office sitting empty and an old AHEC office that's occupied for which we are paying rent to Kosrae DOE but we don't have an AHEC person. We could move out of their office or we could turn that woodshop into a classroom and take a smaller space and put some office in there. I think we need to be really proactive as we begin to look at cost efficiencies.

Special Contracts come to me and were already been offered to individuals before I see and approve the position. Some cases, the employees signed the agreement before I've even seen it. From moving forward, there will be no special contract issued until the consultation with the VPs and with me on that position. And that is across the college

President was disappointed that Business Offices staff was not present at budget meetings and he reminded VPAS that business office staff needs to be involved in every step of the budget process.

Announcement:

The focus on the next BOR meeting will be on BECA report and FY 2015 budget. President requested that the Campus deans attend this meeting because of the BECA report.

Meeting adjourned at 5:30pm

Prepared by: Sinobu H. Lebehn
Reviewed by: President Daisy and VPAS Habuchmai