

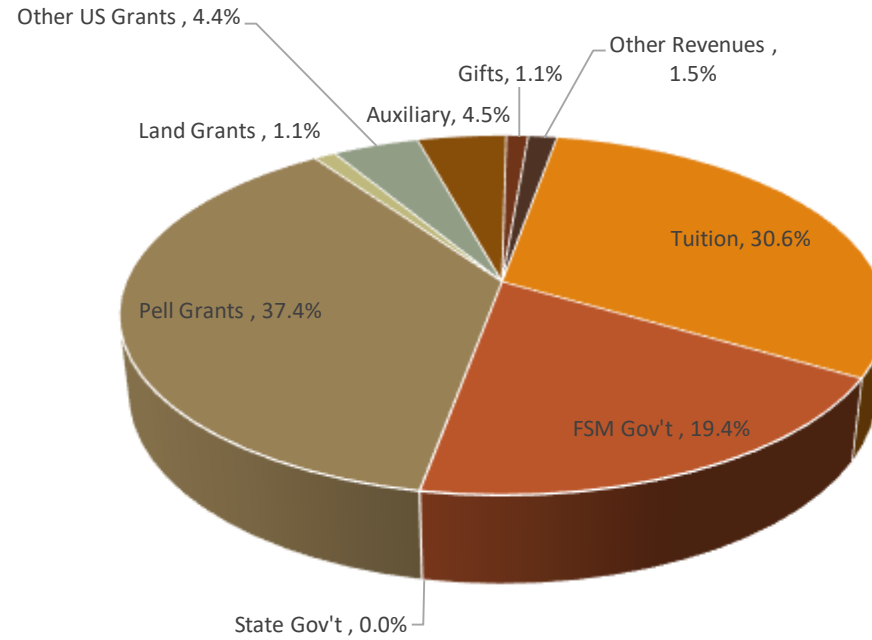
COM-FSM
ECONOMIC IMPACT STUDY
(2013-2017)

**PHASE 1:
ECONOMIC IMPACT OF
OPERATIONAL SPENDING**

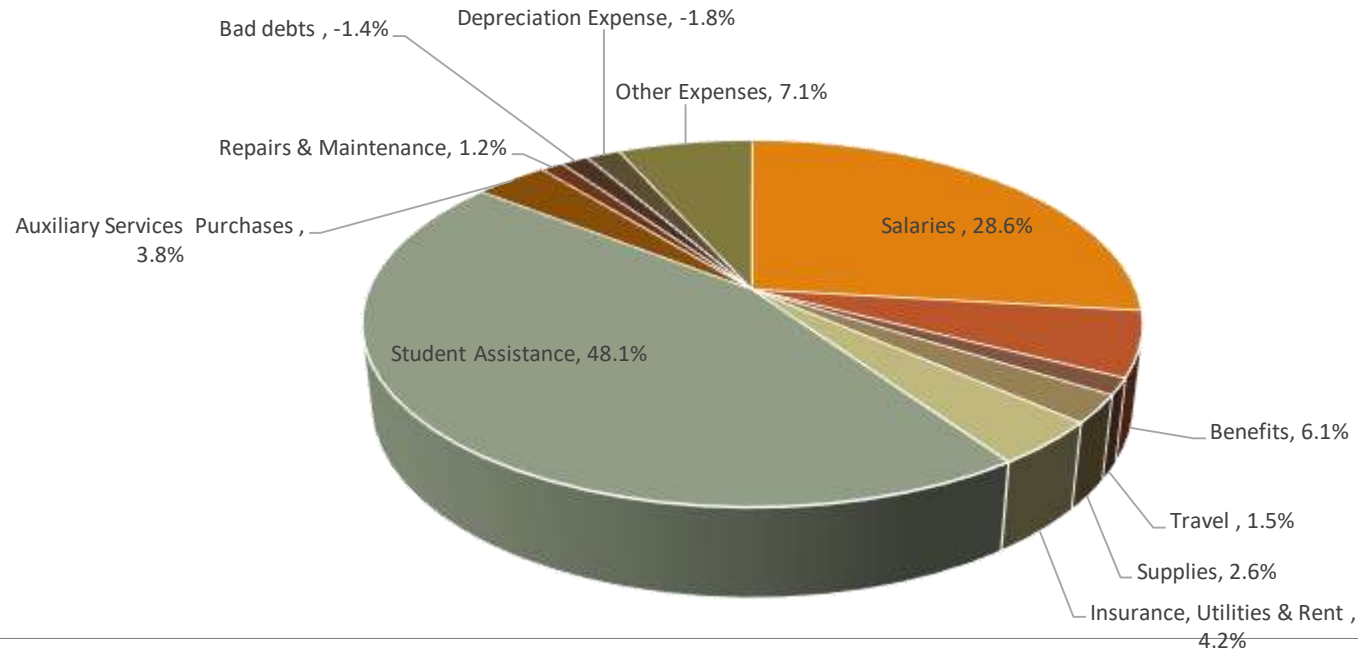
Methodology : Operational Spending

- Operational Spending is the measure of economic impact shown in this phase – subsequent phases will show the impact of graduates in the workforce and capital spending.

COM-FSM RECEIVES APPROXIMATELY \$28.2 MILLION IN REVENUES ANNUALLY



COM-FSM REVENUES HAVE A \$46.5 MILLION IMPACT ON THE FSM ECONOMY



Annual Impact (Millions)	
Operational Spending	\$ 46.5

Study Period Impact (Millions)	
Operational Spending	\$ 232.5

\$16.1
MILLION

• Employee Expenditure Impact

\$22.3
MILLION

• Student Expenditure Impact

\$8.1
MILLION

• College Expenditure Impact

\$46.5
MILLION

• Operational Economic Impact

Operational Spending Method Findings

- The Economic Impact of COM-FSM using the Operational Spending Method is approximately \$46.5 million annually.
- Each dollar of COM-FSM operational expenditure returns an impact of \$1.65 to the FSM economy.
- Tuition and Pell Grant revenues account for over two-thirds (68%) of COM-FSM revenues – a figure of paramount importance in planning for the 2023 Compact deadline.
- Pell Grants and Other Student Assistance comprise nearly half (48.3%) of the impact of Operational Spending on the FSM economy.
- Salaries and Benefits comprise over one-third (34.8%) of the impact of Operational Spending on the FSM economy.
- Pell Grants, Student Assistance, and Salaries & Benefits have the highest dollar-to-dollar return to the economy as measured by the Operational Spending Approach.

PHASE 2:
ECONOMIC IMPACT OF
GRADUATES IN THE WORKFORCE
(NET ECONOMIC ANALYSIS)

Methodology:

Net Impact Analysis of New Graduate Earnings

“Net Impact Analysis” is a more focused methodology than the Operational Spending Model shown in Phase I.

Net Impact Analysis measures net change to the economic base of a region that would not otherwise be there without the industry or firm under analysis.

This model also provides a metric applicable only to educational institutions which allows the measurement of the net value of the *increased productivity in the regional workforce* as students (as graduates and employees) enter into the FSM economy.

Net Impact of New Graduate Earnings Per Sector (2013-2017)

Summary of Graduates 2013-2017							
Academic Program	Chuuk	Kosrae	National	Pohnpei	Yap	Grand Total	Total Contribution
Agriculture	0	18	37	83	17	155	\$ 946,602
Arts & Humanities	1	6	360	2	5	374	\$ 4,771,508
Building	0	0	0	3	0	3	\$ 58,449
Business	24	0	204	46	0	274	\$ 3,151,895
Construction	0	0	2	68	0	70	\$ 1,091,103
Education	121	18	501	3	52	695	\$ 8,487,832
Electronics	0	25	0	58	7	90	\$ 1,443,495
Health-Nursing	0	0	15	0	0	15	\$ 183,632
Hospitality & Tourism	0	0	4	31	2	37	\$ 820,856
ICT	1	3	126	54	12	196	\$ 3,552,842
Mechanical	0	0	0	6	0	6	\$ 113,380
Marine Science	0	0	51	0	0	51	\$ 924,464
Public Health	4	0	116	1	13	134	\$ 2,332,281
Grand Total	151	70	1416	355	108	2100	\$ 27,878,338.19

Annual Impact (Millions)
Employment of Graduates \$ 5.6

Study Period Impact (Millions)
Employment of Graduates \$ 27.8

Net Impact Analysis Method Findings

- **Annual contribution of earnings** of new COM-FSM graduates to the FSM economy are in excess of \$14.6M over the five year period of the study.
- **The average annual salaries** earned by recent graduates is \$8772.
 - COM - FSM Graduates in the Education sector represent a greater proportion of total earnings (33%) than any other degree program
- **The annual Net Impact Annual of earnings** of new COM-FSM graduates on the COM-FSM economy using is approximately \$5.6M annually and over \$27.8M for the period of the study.
- Each dollar earned in COM-FSM graduates' wages returns an **impact of \$1.90 to the FSM economy.**

**PHASE 3:
ECONOMIC IMPACT
OF FACILITIES CONSTRUCTION**

Methodology:

Impact Analysis of Facilities Construction

The model also measures *Direct Economic Effects* -- changes in local business activity occurring as a direct consequence of public or private investment in infrastructure and capacity.

It is important to determine economic benefits from increased local expenditures caused by development.

For COM-FSM the most meaningful measure of direct economic impact are Investment in New Facilities using Infrastructure Development Plan (IDP) and other public funds.

PLANNED COM-FSM INFRASTRUCTURE SPENDING WILL HAVE A \$66.9 MILLION IMPACT ON THE FSM ECONOMY

Phase 1	
States/Jurisdiction	Funding Amt.
Chuuk	\$ 16.7
Kosrae	\$ 8.2
National	\$ 11.4
Pohnpei	\$ 6.9
Yap	\$ 4.6
Grand Total	\$ 47.8

Phases 2 & 3	
States/Jurisdiction	Funding Amt.
Chuuk	\$ 4.0
Kosrae	\$ 3.5
National	\$ 2.1
Pohnpei	\$ 6.0
Yap	\$ 9.5
Grand Total	\$ 25.1

Annual Impact (Millions)	
Capital Expenditures	\$ 22.3

Study Period Impact (Millions)	
Capital Expenditures	\$ 66.9

Facilities Construction Impact Analysis Findings

- The impact of planned **Phase I facilities infrastructure spending** to the FSM economy is approximately \$22.3M annually and 66.9M for the 3-year period of the study.
- **The Phase II facilities infrastructure spending** impact on the FSM economy would be approximately 35.1M for an extended 5-year period.
- Each dollar spent on facilities infrastructure returns an **impact of \$1.40 to the FSM economy**.

TOTAL IMPACT ON THE FSM ECONOMY FOR THE STUDY PERIOD EXCEEDS \$327 MILLION

Annual Impact (Millions)		
Operational Spending	\$	46.5
Employment of Graduate	\$	5.6
Capital Expenditures	\$	<u>22.3</u>
	\$	74.4

Study Period Impact (Millions)		
Operational Spending	\$	232.5
Employment of Graduate	\$	27.8
Capital Expenditures	\$	<u>66.9</u>
	\$	327.2

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