



Board of Trustees

February 6, 2017

The Honorable Isiah Leggett
County Executive
Executive Office Building
101 Monroe Street
Rockville, Maryland 20850

The Honorable Roger Berliner
President, Montgomery County Council
Stella B. Werner Council Office Building
100 Maryland Avenue
Rockville, Maryland 20850

Dear Mr. Leggett and Mr. Berliner:

The Board of Trustees of Montgomery College and the College community greatly appreciate the county's deep and longstanding commitment to affordable, high quality postsecondary education. Your actions make clear the importance of the mission of community colleges; we are grateful.

We seek your continued support to keep the College affordable while advancing excellence on our campuses. Because we are within their financial reach, thousands of county residents depend on us for their postsecondary education. Intertwined with affordability are our faculty and staff, who work each day to strive for excellence, to make student success possible. The College requests a total appropriation of \$313,720,015—an increase of 0.4 percent over last year. We ask for a county contribution of \$7.4 million for compensation and benefits increases—to support our employees, only. No new major program initiatives are included in our request. Last year, our dedicated faculty and staff were the first to step up and accept a smaller increase when asked—a testament that the College is a steady and reliable partner.

This year, as we celebrate the College's 70th anniversary, we have been reminded of our enduring narrative: affordable, high quality postsecondary education. For seven decades, we have stood to empower our students and enrich our community. From our humble and bold beginning, access was our focus—we offered night classes for veterans and residents at Bethesda-Chevy Chase High School. As demand for an affordable postsecondary education grew, we heartily established our first campus in Takoma Park. The county evolved and we responded. Today, we serve 56,000 students on three campuses, two job training sites, and two

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community engagement centers. We are the largest community college in Maryland. The nation's largest engineering transfer program is at the College. Our award-winning faculty prepare students for transfer and careers. Students represent over 160 countries, and the majority are non-white. Every high school in the county sends students to us—from Whitman to Wheaton. Ours is an inclusive and diverse community: the returning veteran and the working reservist; the honor student and the developmental student; the working mother and the single father; the undocumented immigrant and the hopeful refugee.

Looking to the future, we ask you to help us create a broader narrative. Student equity in success, not just access, will be the hallmark of our next 70 years. Together, we can deliver the future that we collectively want for our county—a dynamic workforce, vibrant local economies, and a county filled with opportunity—success for all.

For the coming year, keen consideration and care helped us craft a prudent budget that balances our key priorities: fiscal discipline, excellence, and affordability. This budget maximizes the use of existing resources, keeps tuition affordable, and trains our eyes on spending for student success.

Specifically, the College seeks county support to fund faculty and staff compensation and benefits cost increases to honor their commitment to excellence and student success; and appropriation authority to continue our work with the Achieving the Dream network to ensure equity for student success; to enhance the College's security; and to implement one-time funding for Open Educational Resources that will make education more affordable.

BUDGET PRIORITIES

Commitment to Fiscal Discipline

We narrowed the College's projected fiscal year 2018 projected budget gap using several measures: a reduction and reallocation of existing resources, use of alternative funding, use of fund balance, and a lapse recalculation. The budget also assumes a tuition increase. These combined efforts lowered the budget gap for fiscal year 2018 by almost 55 percent, or \$9.3 million.

Budget elements addressed in this effort include elimination of positions, budget reduction in salary lines, a freeze of full-time faculty positions, and cuts in contracted services.

Last year, to enhance student service and exercise fiscal discipline, we retained the services of Follett Higher Education Group to more efficiently manage our campus bookstores. The resulting revenues will be moved to the operating budget.

To heighten transparency and to tighten fiscal controls, we recalculated our lapse.

Additionally, the College continues to focus on efficient spending and ways to right-size our workforce. For example, to maximize existing resources, we have implemented a "seat

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utilization” strategy. As a result, this semester, we are managing our schedule to maximize the number of students per section.

This year, the College initiated a Blue Ribbon Task Force on Spending for Student Success, a collaborative body of faculty and staff, to lead an effort to increase efficiencies throughout the institution. They will receive, evaluate, and recommend proposals from across the College for increased efficiency—to ensure we target our spending on work that advances student success.

Affordability

County residents look to the College for an affordable postsecondary education. You know poverty is the number one barrier to completion of a college degree. Yet, an education is the surest path out of poverty. Together, we make sure that students are able to access their community’s college financially—and reach their promise.

The county’s continued investment in the College since the Great Recession, in particular, has helped the College maintain tuition that is affordable to students. Today, students contribute 32.2 percent of our operating costs, down from 40.0 percent in fiscal year 2013.

This budget continues this tradition of an investment in affordability.

Advancing Excellence

We must also strive to new heights of excellence. Now, our sights are set on equity for all students. People are at the heart of our work. Students are our focal point, but faculty and staff make student success possible. They teach and train students; maintain buildings so classrooms are clean and useful; plan student pathways that lead to completion; protect campuses to keep students safe; involve students to create community.

To realize our goals of equity for all students, we are calling upon our dedicated employees to look at our work with fresh eyes so we can see what truly advances student success—what we do well and what we must do better. To help us in this effort, the College joined Achieving the Dream (ATD), a national organization and network of over 200 colleges focused on “low income students and students of color completing their education.” Our ATD partners encourage evidence-based institutional improvement by providing coaches, advisors, and networks to support our goals.

This budget recognizes the invaluable contributions our employees make to student success and excellence.

FISCAL BACKGROUND

Enrollment Projections

The College continues to have the largest enrollment of all community colleges in Maryland. We are the second largest undergraduate institution serving students on our campuses in Maryland, behind the University of Maryland College Park. The combined enrollment in science, technology, engineering, and math (STEM) programs has increased by 37 percent over the last five years and fall 2106 enrollment in STEM programs increased. Our business program experienced a 17 percent growth over the last five years, including an increase of 100 students in fall 2016, compared to fall 2015. Our relatively new communication studies associate degree program enrollment has grown by 44 percent over the last five years.

The improving economy has an impact on enrollment—many potential students are entering and returning to the workforce instead of attending college. Therefore, like virtually all of our state’s community colleges and across the US, total enrollment at the College declined. In fall 2016, we enrolled 23,916 credit students, which is 1,400 fewer students than in fall 2015—a 5.5 percent decrease. We project our headcount enrollment to be lower next year because of the projected decrease in the Montgomery County Public Schools (MCPS) 12th grade population in the 2016–2017 school year. While our “draw rate” of county high school graduates is expected to remain at the historical level of 25 percent, the number of possible MCPS graduates leads us to lower our expected enrollment in the fall semester of 2017 to 22,984 credit students.

Credit hour enrollment determines our tuition revenue. In fiscal year 2018, credit hour enrollment of 462,900 is the basis for the calculation of the College’s tuition revenue.

REVENUE

State Aid—\$35.5 million

Currently, the College’s budget reflects the same state aid amount as last year, \$42.2 million, of which \$35.5 million is allocated to the current fund and \$6.7 million is allocated to the Workforce Development & Continuing Education Fund. We are awaiting final action by the Maryland General Assembly on the state’s budget.

Tuition—\$81.7 million

The budget, as adopted by the Board of Trustees, anticipates a 2.9 percent increase in tuition. The consolidated fee charged to students will also increase because it is calculated as a percentage of tuition. Tuition and related fees are expected to generate \$81.7 million. The board will act on tuition rates in April. At that time, we will have a better understanding of the governor’s proposed community college grant program to limit tuition increase to two percent.

We seek your continued investment in the College to enable us to keep tuition increases reasonable and affordable.

Reductions and Reallocations

The College puts forth reductions totaled at \$5.9 million. Eight positions in our Administrative and Fiscal Affairs division have been eliminated, and we reduced funds available for assigning part-time faculty. We froze 16 unfilled full-time faculty positions. These will go unfunded for at least the next fiscal year until full implementation of our new academic master plan and enrollment increases. Other reductions were made in contracted services: our help desk services will now be handled by existing College staff; translation services will be provided with less expensive technology; more printing will be completed in-house.

Fund Balance Use—\$2.25 million

We expect to use \$2.25 million of our fund balance to support fiscal year 2018. This includes \$250,000 from the proceeds of the sale of the former Takoma Park/Silver Spring Campus early learning center property. Last year, the College closed the center. For the purpose of this budget, the College assumed a \$650,000 realization of funds. With \$250,000, we will fund scholarships for education majors (referenced below), as well as our Open Educational Resources initiative (outlined below).

Auxiliary Fund Transfer—\$1.1 million

As noted above, we plan to transfer \$1.1 million in revenue from the Auxiliary Fund. This is revenue from our Follett Higher Education Group contract for bookstore retail operations.

County Support—\$7.4 million

We respectfully request \$7.4 million in county support.

Other Revenue—\$100,000

We anticipate a \$100,000 increase in interest income.

EXPENDITURE

Our total appropriation request is \$264.2 million, representing an increase of \$3.4 million, or 1.3 percent over last year.

We seek \$7.4 million in county support for our compensation and benefit cost increases. Scholarship increases, initiatives, and operating cost increases—totaling \$1.8 million—are being covered by existing resources.

Advancing Excellence with Compensation and Benefits for our Employees—\$7.4 million

Achieving equity in student success and advancing excellence is possible—but only with our committed faculty and staff.

We have a nine-year comprehensive agreement with our full-time faculty union, wherein we review compensation every three years. This is our second year of a three-year term with our staff union in which compensation is reviewed annually. Negotiations with our part-time faculty union are in process.

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While the economic terms of all our agreements are not definitive, in order to plan for the fiscal year 2018 operating budget, we have included \$6.3 million to support the agreements at the fiscal year 2017 levels.

Additionally, we request \$150,000 to cover the change in the county minimum wage. In fiscal year 2018, our employee benefit costs will increase by \$0.9 million, a 2.5 percent increase from last year. The increase for our group insurance is from medical and dental trends— inflation and utilization, in particular, of prescription drug claims. To minimize these increases, the College partnered with other county-funded agencies in the bid process, resulting in estimated savings of \$265,000.

Please provide the funds necessary to give salary enhancements for the people who daily teach, encourage, and empower students to achieve their promise.

Achieving the Dream—\$165,600

Equity in education means that all students must receive what they need to be successful. Our partners at the Achieving the Dream (ATD) initiative understand that equity can be accomplished with careful, intentional design of student success efforts. This year, we will expand our work with ATD. Their expert coaches will join us in critically analyzing our existing student success efforts.

As ATD members, we have two coaches with extensive experience in higher education and data analysis. In fiscal year 2018, our coaches will make three visits to our campuses, meet with faculty and staff to review data on student success outcomes and evaluate programs. To support this important work that advances excellence, funds will be used to enable faculty participation, pay our membership fee, and cover operational expenses.

This work will be difficult but fruitful. In the end, our student success efforts will conform to fit students and *their* ever-changing needs.

Safety and Security—\$400,000

Safety and security are fundamental to an environment where learning and teaching can thrive. We have turned our attention to the College's safety practices with a plan to invest more fully in this important component of our work.

In 2015, we hired a new director of public safety and emergency management. She has experience as both a college campus police chief and as a former police officer. Under her leadership, she has enhanced our security operations, and is leading an effort to improve critical areas that need attention: training, personnel, and equipment.

To strengthen security operations and enhance personnel, we will hire five full-time public safety officers, making a total of 65 full-time officers. This will bring our complement of staff closer to

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recommended staffing guidelines by the Association of Campus Law Enforcement Administrators. Also, all officers will receive extensive professional training.

These additions will help keep our campuses safe, allowing students, faculty, and staff to focus on student success.

Open Education Resources—\$100,000

Open Educational Resources (OER)—digital, free, and non-copyrighted materials—eliminates the need for costly traditional books. Textbooks can amount to one-third of the cost of an associate’s degree, an expense that is often a barrier for students to complete an education.

Through the use of OERs, we can reduce a financial roadblock to a degree for many students. We will use funds to train faculty to adopt, adapt, and develop OERs. Faculty will then reimagine courses with new materials and teaching methods—enhancing the classroom experience and affordability of the College.

Scholarships—\$342,500

Scholarships help eliminate the financial barrier to a degree.

This increase in the fund will be used to offset the tuition increase for recipients and provide scholarships to education students.

OTHER FUNDS

Emergency Plant Maintenance and Repair Fund—\$350,000

The Emergency Plant Maintenance and Repair Fund is a spending affordability fund. We request an appropriation of \$350,000 and county funding equal to last year’s amount (\$250,000), plus the use of \$100,000 in fund balance. This funding is crucial for our emergency maintenance needs.

Workforce Development & Continuing Education Fund—\$17.8 million

We request appropriation authority to spend \$17,784,950 for the Workforce Development & Continuing Education (WD&CE) Fund. This is a 4.2 percent decrease compared to the fiscal year 2017 budget.

More than 24,000 students enroll in our WD&CE programs annually. Students look to us for career programs and certifications in the health sciences, trades, cybersecurity, and management, as well as programs for personal enrichment and lifelong learning. The College welcomes adults earning high school equivalency, adult basic education, and English for speakers of other languages.

Auxiliary Enterprises Fund—\$1.6 million

We request appropriation authority to spend \$1.6 million for the Auxiliary Enterprises Fund. The appropriation authority covers expenditures associated with the Parilla Performing Arts Center

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and the Cultural Arts Center rentals, the student-operated Macklin Business Institute Café, our Summer Dinner Theatre program, other facility rentals, and contingency for the transition operations.

50th Anniversary Endowment Fund—\$263,000

We request appropriation authority to spend \$263,000 from the 50th Anniversary Endowment Fund for planning with the Pinkney Innovation Complex for Science and Technology at the Germantown Campus.

Cable TV Fund—\$1.7 million

We request appropriation authority to spend \$1.7 million. The source of revenue for this fund is the county's cable plan.

The Cable TV Fund will expand opportunities for student involvement in MCTV productions. Students can earn certifications that broaden skills and improve job readiness. MCTV supports community outreach—funds will increase multicultural and foreign language programming. This year, the number of high-definition programs will increase.

Grants Fund—\$20.2 million

We request grant appropriation authority to spend \$20.2 million. Of this amount, \$400,000 is requested in county funds for the Adult ESOL/Adult Basic Education/GED program. This is the same amount as appropriated last year.

Local businesses rely on us to train the county's workforce. The College repeatedly leverages significant grant funds for our innovative training programs. Recently, we were awarded a \$5.6 America's Promise grant—that brings our three-year total to \$26 million in grants just from the federal Department of Labor.

Transportation Fund—\$4.1 million

We request appropriation authority to spend \$4.1 million. The Transportation Fund is comprised entirely of user fees from students and employees, including parking enforcement revenue. The revenue will fund student transportation alternatives for our students—Ride On bus service and the MC shuttle. It will also pay the leases for the Takoma Park/Silver Spring West Parking Garage and the Rockville North Garage.

This fiscal year, \$500,000 will fund the parking lot resurfacing capital project. It will be transferred to the capital fund as a non-mandatory transfer.

Major Facilities Reserve Fund—\$3.5 million

We request appropriation authority to spend \$3.5 million. This amount will cover the lease payments to the Montgomery College Foundation for lease of The Morris and Gwendolyn Cafritz Foundation Arts Center. This fund is entirely comprised of user fees and no county funds are requested.

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In fiscal year 2018, \$2.3 million will fund the capital projects for continued physical education renovations and installation of a turf field. It will be transferred to the capital fund as a non-mandatory transfer.

CONCLUSION

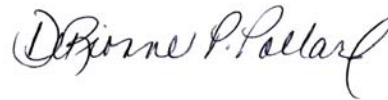
On behalf of the Montgomery College Board of Trustees, we respectfully request total appropriation authority of \$313,720,015.

We appreciate your consideration of our request.

Sincerely yours,



Marsha Suggs Smith
Chair, Board of Trustees



DeRionne P. Pollard, PhD
President