

February 7, 2020

The Honorable Marc Elrich
County Executive
Executive Office Building
101 Monroe Street
Rockville, Maryland 20850

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

Dear Mr. Elrich and Mr. Katz:

On behalf of the faculty, staff, students and alumni, thank you for your enduring commitment to our mission.

Thanks to you, Montgomery College works. Your community college works to open doors to opportunity and create the skilled talent needed to drive the economy. MC works for Montgomery County to help build a just and thriving community.

This year the Board of Trustees adopted an operating budget that requires no additional contribution from the County and no tuition increase for students. For FY21, the Board prioritized fiscal restraint. As a result, we seek no additional support from the taxpayers or our students. Instead, this budget maximizes existing resources to protect affordable tuition, offer additional scholarships, and provide fair and reasonable compensation increases for our employees.

For FY21, the College seeks a total appropriation of \$318,182,932, a slight increase of one percent over last year.

With the advent of the College's 75th anniversary, we want to take stock of our past to better plan for the future. Over the years, the College has empowered students to change their lives. Montgomery College alumni, in turn, have empowered our community by fueling the economy. We see how the College works in our alumni, including

- *Usa Bunnag*, who built a dental practice that employs people in Bethesda and Silver Spring;
- *Sol Graham*, who founded Quality Biological, Inc. which employs people to develop and manufacture high-quality research elements;

- *Ian Lotinsky*, chief technology officer of LearnZillion, a local startup that provides the middle school math curriculum for Montgomery County Public Schools (MCPS);
- *Martin Mayorga*, an entrepreneur who founded Mayorga Coffee, a growing coffee empire;
- *Jim Muir*, a vice president at Hughes Network Systems, and an industry leader who helps to bring jobs to the Pinkney Innovation Complex for Science and Technology Foundation (PIC MC), the College's science and technology park; and
- *Julie Verratti*, an entrepreneur who helped found Denizens Brewing Company, now with two locations and sales in a wide variety of retailers, and who leads the burgeoning brewing hospitality sector.

These job creators, entrepreneurs, innovators, and industry leaders are among the 70 percent of alumni who stay in Montgomery County. Our alumni work here, live here, and pay taxes here—contributing \$1 billion to the County's economy. Graduates like these and thousands more demonstrate the power of a locally provided, high quality, affordable postsecondary education to empower the economic mobility of residents and boost the economy with homegrown talent.

Building the talent pipeline of tomorrow will require an innovative strategic plan, more deeply rooted equity-minded practices, and the alignment of fiscal strategies with our plan. As a result, as we close out the College's current strategic plan, the Board prioritized fiscal restraint. Instead of new significant initiatives, FY21 will present an opportunity to reflect and recommit to our mission with our new strategic plan, *Montgomery College 2025 (MC 2025)*, as our guide.

As we embark on this next chapter in our history, enhanced fiscal planning is critical to better align the annual budget with prudent resource management and the tactical implementation of the new strategic plan. The Board of Trustees is required to set tuition annually, which necessitates an annual budget process. However, with a new two-year fiscal planning cycle, we can look ahead and determine best how to set our course towards the full realization of *MC 2025*. Our new strategic plan provides the framework for Montgomery College's continued journey to empower all of our students to succeed—to open the doors to prosperity and build a pool of homegrown talent to help our County thrive. To achieve this vision, six goals—grounded in excellence, rigor, and equity—will drive the College's strategic plan for the next eight years:

- Empower students to start smart and succeed
- Enhance transformational teaching practices and learning environments
- Fuel the economy and drive economic mobility
- Build, engage, and strengthen community partnerships
- Invest in our employees
- Protect affordability

The FY21 budget lays the groundwork for a two-year planning cycle with a maintenance of effort budget and focuses on our always-highest priorities, investing in our employees and protecting affordability. The budget includes resources for compensation adjustments and keeps tuition at its current level. Affordable tuition and scholarships mitigate the significant barrier to education: cost. Investing in our employees, who are our strongest asset for meeting our mission, is critical. We are nearing completion of negotiations with our three bargaining units. The economic terms of the ratified and tentative agreements will continue our commitment to provide fair, reasonable, and sustainable wages.

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Again, there are no new initiatives associated with this budget for the upcoming year. Instead, this year, we will look to align our fiscal and program planning to start *MC 2025* right.

BUDGET SPECIFICS

Enrollment

As we plan for our next chapter, we will develop a strategic enrollment management plan to be better prepared to serve all who need the College and to enhance fiscal planning. As part of that effort, we will continue to carefully examine historical and projected data regarding enrollment to guide decisions including fiscal and program plans, tuition rates, personnel, and operations.

Our projections for FY20 fall enrollment were on target—therefore, we do not anticipate a gap in tuition revenues.

Credit-hour enrollment determines our tuition revenue. In FY21, credit-hour enrollment of 407,627 hours is the basis for the calculation of our \$76.7 million tuition revenue projection.

It is important to put annual enrollment data in context. The College, a large postsecondary education institution, educates over 52,000 students, including 21,260 credit students in fall 2019. Each fall term since 1988, we have consistently enrolled more than 20,000 credit students.

Our Workforce Development and Continuing Education (WDCE) course enrollments exceed 46,000 each fiscal year. Individuals enrolling in WDCE programs steadily increased by six percent in the last three years.

The College continues to have the largest enrollment of all community colleges in Maryland. MC is, in fact, one of the largest public higher education institutions in the state—only University of Maryland College Park enrolls more undergraduate students in Maryland.

Our student body comes from every MCPS high school, Whitman to Wheaton, and reflects the County's population—over 78 percent are students of color. Currently, 22.3 percent of MCPS graduates enroll at MC the fall semester directly after high school—and many step onto the path to a degree *while still in high school*. We saw a 36 percent increase in dual enrollment students, largely due to the Early College program in FY19 and FY20. Early College, which enables students to earn a diploma and a degree at the same time, started in FY19, expanded this year and now touts 135 students. Over 500 students have submitted applications for fall 2020. In May, we expect to celebrate 32 graduates from the first Early College cohort as well as 15 from the Middle College program.

With that background in mind, our analysis predicts an enrollment increase in fall 2024. With the reorganization of key onboarding units into one operation, Raptor Central, and a strategic enrollment management plan undergirded by *MC 2025*, the College will be ready to serve this anticipated growth.

Revenue

The following is a summary of revenue changes included in our FY21 budget:

State Aid—\$48,400,000

The College's budget includes \$48.4 million as enumerated in budget legislation, Senate Bill 192, the Budget Reconciliation and Financing Act (BRFA) of 2020. From this total, \$39.3 million is allocated to the Current Fund and \$9.1 million is allocated to the WDCE Fund. This reflects a \$3.1 million increase from last year. Final action by the Maryland General Assembly on the governor's budget which includes the amount necessary to conform to the mandated John R. Cade funding formula for community colleges, and the Budget Reconciliation and Financing Act (BRFA) will occur later this spring and determine the final State aid provided to the College.

Tuition—\$76,700,000

As stated, the budget, as adopted by the Board of Trustees on January 29, anticipates no tuition increase—no per-credit-hour increase in tuition for in-county/in-state/out-of-state students. The average full-time local student will pay \$5,322. Tuition and related fees are expected to generate \$76.7 million in revenue.

Use of Fund Balance—\$4,800,000

The College's contribution will be \$4.3 million from fund balance and \$500,000 from bookstore commissions.

County Support—\$145,200,000

The College's budget reflects County support of \$145.2 million, which is a maintenance of effort request. No additional funds are requested.

Expenditures

The following is a summary of expenditure increases and changes included in our FY21 budget:

Employee Compensation—\$2,700,000

Student Life and Athletics Programs—\$1,200,000

This expenditure supports athletics and extracurricular programming for students. This is not a new expenditure but merely reflects a change in accounting procedures. In accordance with new Governmental Accounting Standards Board (GASB) requirements, we moved revenue associated with student activities and student athletics funds, which accrue from the student-consolidated fee, into the College's Current Fund. Nonetheless, the use of these dollars is limited to student activities and athletics.

Scholarships—\$231,000

Other funds

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

The Emergency Plant Maintenance and Repair Fund is a tax-supported fund, including a County contribution that supports our emergency maintenance needs. We request a total appropriation equal to last year's appropriation of \$250,000 of County funds plus the authority to use \$85,000 in fund balance.

Workforce Development and Continuing Education Fund—\$20,700,000

We request appropriation authority to spend \$20.7 million. State aid and student tuition are the sources for this fund. This expenditure is a 12.7 percent increase over last year as we plan for physical and programmatic expansion of our Wheaton and Mannakee facilities.

WDCE students access career programs, training, and certifications in cybersecurity, early childcare, health sciences, management, and trades as well as personal enrichment and lifelong learning programs. The College also serves adults earning high school equivalency, adult basic education, and English for speakers of other languages.

Auxiliary Enterprises Fund—\$1,900,000

We request appropriation authority to spend \$1.9 million for the Auxiliary Enterprises Fund. Revenue for this fund comes from rental fees for our facilities and sales from the student-operated Macklin Business Institute Café. This covers expenditures associated with the operations of the Robert E. Parilla Performing Arts Center, the Cultural Arts Center, the student-run café, the Summer Dinner Theatre program, facility rentals, and athletic camps for County resident youth.

Cable TV Fund—\$1,800,000

We request appropriation authority to spend \$1.8 million. The County's cable plan is the source of revenue. The future of this fund is in jeopardy with recent rulings from the Federal Communications Commission. Yet, MCTV, along with other Public, Education, and Government channels, is an important resource for the College and the County.

The Cable TV fund continues to provide opportunities for student involvement in MCTV productions for student recruitment and expanded programming. MCTV reaches thousands of residents each month with programs about workforce opportunities and training, as well as social justice programs specially created for the County's underserved populations. Given the limited local media outlets, MCTV supports information sharing necessary for our community and deepening the inclusion of all residents by increasing multicultural and foreign language programming in the six most common languages used in the County.

Grants Fund—\$19,200,000

We request grant appropriation authority to spend \$19.2 million. Of this amount, we request \$400,000, the same amount appropriated last year, in County funds for the Adult English for Speakers of Other Languages, Adult Basic Education, and General Equivalency Degree program.

The College uses grant funds to support several important initiatives including English as a Second Language, adult education and literacy programs, as well as innovative workforce development training programs for biotechnology, cybersecurity, early childcare, information technology, nursing, and science, technology, engineering, and mathematics programs.

Transportation Fund—\$4,200,000

We request appropriation authority to spend \$4.2 million. This fund is comprised entirely of user fees from students and employees, including parking enforcement revenue. The revenue funds transportation alternatives for students—Ride On bus service and the MC shuttle bus. It also underwrites the finance costs of the construction for the Takoma Park/Silver Spring West Parking Garage and the Rockville North Garage.

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Major Facilities Reserve Fund—\$2,000,000

We request appropriation authority to spend \$2.0 million to pay the Montgomery College Foundation for the cost of The Morris and Gwendolyn Cafritz Foundation Arts Center. This fund is entirely comprised of user fees and no County funds are requested.

In FY21, \$1.5 million will be transferred to the capital budget for the collegewide physical education capital project to reconfigure the baseball field on the Germantown Campus. It will be transferred to the capital budget as a non-mandatory transfer.

Conclusion

Your community's college—a high quality affordable education and training institution—works for Montgomery County. As we seek to begin to implement *MC 2025* bolstered with alignment to a strong fiscal plan, we seek your support to continue that work.

On behalf of the Montgomery College Board of Trustees, please approve the College's request for a total appropriation authority of \$318,182,932. Help us invest in our employees and protect affordability with this maintenance of effort budget.

As we look ahead to the next 75 years, we can confidently say Montgomery College will strive to grow and evolve. We will be relevant in an ever-changing economic landscape. We will open doors to opportunity and create the next generation of homegrown talent our county needs to thrive—talent like Usa Bunnag, Sol Graham, Ian Lotinsky, Jim Muir, Martin Mayorga, and Julie Verratti who will drive our economy and, like you, lead our community forward.

Sincerely,



Gloria Aparicio Blackwell
Chair, Board of Trustees



DeRionne P. Pollard
President