

**From:** MC Communications  
**To:** [MC Communications!](#)  
**Subject:** FY16 Budget Progress and Fiscal Update  
**Date:** Friday, December 05, 2014 12:52:44 PM

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**MONTGOMERY COLLEGE**  
Office of the Senior Vice President of Administrative and Fiscal Services

December 5, 2014

**MEMORANDUM**

**TO:** Montgomery College Community

**FROM:** Dr. Janet Wormack, Senior Vice President for Administrative and Fiscal Services

**SUBJECT:** FY16 Budget Progress and Fiscal Update

I want to provide you with the first communication regarding progress on the Fiscal Year 16 budget.

**Fiscal Year 2016 Budget Development Progress**

Last spring, we began to build our FY16 budget request based on the College's priorities from the *Montgomery College 2020* strategic plan and the resources needed to accomplish those priorities. This fall, we looked at over 191 requests, and then narrowed them to what could be reasonably requested from the county and state in terms of their support. In October, budget requests that aligned with the priorities were approved by the president to become our proposed county budget request. This past week, the College's Board of Trustees' Budget and Finance Committee reviewed the proposed FY16 budget plan.

Since the elections in November, we have been closely monitoring news reports about the state and county regarding the fiscal environment as well as our enrollment trends.

***State and County News***

In mid-November, the state legislature's budget analysts noted a \$300 million shortfall for this year. In addition, it is projected that a \$600 million shortfall for next year totaling almost a \$1 billion gap will need to be closed before the Maryland General Assembly approves the state budget in April of 2015. A decrease in state revenues can have a two-fold effect: a potential reduction in state funding for community colleges, as well as a potential impact on the funding provided to counties.

Montgomery County is also concerned about a decrease in revenue. The County Executive recently sent a letter to the County Council noting the County received \$96 million less income tax for November than had been expected. Mr. Leggett went on

to say, “It is clear to me that this latest news requires us to be particularly cautious ...” In addition, the County Executive recently released a six-point economic plan for his next term that reveals a visible and clear emphasis on economic and workforce development - a priority in which the College plays a critical role as a primary provider of trained, job-ready professionals - but we await the release of more information about the fiscal impact statement regarding his plans.

### ***FY15 Enrollment***

Due to lower enrollment this fall, we expect that the College will not meet revenue projections in the FY15 budget, which ultimately will impact the FY16 budget. We will actively pursue winter session and spring semester enrollments, but currently we may fall short of the revenue projections by the end of the fiscal year. Other community colleges and higher education institutions across the county and state have experienced the lower-than-projected.

### **Next Steps**

The FY16 Budget will be presented at the next Board of Trustees meeting on December 15 and will be shared with the College community.

We will continue to monitor the fiscal environment and will keep you informed of the budget progress. The senior vice presidents are considering several budget strategies in recognition of the current fiscal climate. As you may be aware, a number of state and county institutions and agencies are making modifications to their spending this year in preparation of next year’s fiscal impact. For example, Montgomery County Public Schools instituted spending restrictions to save money for next fiscal year. Those restrictions include a soft hiring freeze, a limitation on new contractual commitments, and other general spending limitations. Other educational institutions are also considering and/or taking similar steps.

In closing, we must be mindful as the budget is finalized of the new priorities of our County Executive, County Council, and the incoming governor who all now expressed a strong desire to create new jobs and promote and enhance workforce development. But, that is good news because that is what we do best--preparing workers for in demand careers. Nonetheless we must act cautiously given the constrained fiscal environment.

Thank you for the excellent student-centered initiatives and program ideas submitted during this budget process!