

**MEMORANDUM**

November 3, 2009

TO: Education Committee  
FROM: *CHS*  
Charles H. Sherer, Legislative Analyst  
SUBJECT: FY10 Savings Plan for Montgomery College

**Background** As Councilmembers know, the Executive projects an operating budget gap in FY11 of \$370 million (©1). He also noted that the projected gap may increase due to possible additional reductions in State aid and possible additional reductions in County revenue. In his memorandum to the Council dated October 28, 2009 (©1-2), the Executive proposed a \$29.5 million savings plan in FY10 to help eliminate that gap. If this savings plan can be achieved, then the budget gap will be that much less.

The Executive recommends savings from the College of \$1.1 million (\$1,070,790), calculated as 1.0% of the County contribution (©2 & 3). In addition, the College will have to reduce its FY10 spending by an additional \$1.9 million due to reduction in State aid announced in August, for a total reduction of \$3.0 million. The elements of the College's savings plan are on ©4-5.

The following representatives from the College may attend:

Dr. Hercules Pinkney, Interim President  
Donna Dimon, Chief Budget and Management Studies Officer

Contents:

©	Item
1	FY10 savings plan memorandum from the CE to the Council, dated October 28, 2009
3	FY10 savings plan memorandum from the CE to the College, dated September 22, 2009
4	College's savings plan memorandum from the Interim President of the College to the College Community
6	Draft statement regarding the College's Budget Advisory Committee



OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Isiah Leggett  
County Executive

MEMORANDUM

October 28, 2009

TO: Phil Andrews, President  
County Council

FROM: Isiah Leggett, County Executive 

SUBJECT: FY10 Savings Plan

Attached please find my Recommended FY10 Savings Plan for Montgomery County Government, as well as the other tax supported County Agencies. The attached plan identifies savings of nearly \$30 million from the current year that will be applied to close the projected gap of nearly \$370 million in FY11. We have worked to identify savings that minimize the impact upon direct services, especially to public safety and our most vulnerable residents. However, service reductions are unavoidably included in the attached proposed plan.

It is critical to consider this proposed savings plan in the context of the looming budget gap for FY11. As I have previously noted, the projected FY11 budget gap is currently nearly \$370 million. This projection does not include any shortfalls resulting from additional State aid reductions, additional revenue shortfalls or additional shortfalls that may result from the State Board of Education's maintenance of effort decision. We must realistically and responsibly plan for these challenges.

This proposed savings plan was also developed in the context of significant reductions made over the last three years. Even before the current economic downturn, I worked to bring our previously unsustainable rate of budget growth under control. As a result of three years of effort, I have brought the rate of growth down from over 14.1% to -0.4% and closed budget gaps totaling nearly \$1.2 billion. There are few "easy" reductions left to make. Given the projected FY 2011 gap, we must roll up our sleeves and begin to make the difficult decisions now.

As in the past, the Council may not be supportive of some of my proposed reductions. If the Council insists on not supporting the attached proposed reductions, I strongly recommend that it propose offsetting reductions in other areas of the budget to maintain the total amount of savings that can be used to close the projected FY11 budget gap. We are only in the first step of the process in resolving the FY11 budgetary gap and more difficult choices remain ahead in confronting these challenges. Deferring needed savings at this time will only temporarily postpone the urgent need to make difficult choices in the future. In fact, the less time in which agencies have to make the necessary reductions, the deeper and more difficult those reductions will need to be to achieve the same savings. Resolution of the budget gap is problematic because even more difficult and complex issues will need to be addressed during the Council's short time for reviewing and approving the annual budget.

Phil Andrews, President  
 October 28, 2009  
 Page 2

And as I have made clear, I do not support and will not recommend exceeding the charter limit on property taxes in the FY11 operating budget.

Because of the weakness in the current local and national economy and the State's continuing fiscal challenges, I urge the Council to quickly approve the reductions proposed in the attached Savings Plan. The projected gap for FY11 may significantly worsen in the near future because of continued revenue deterioration and the very real potential for further and substantive reductions in State Aid. We have already absorbed cuts of nearly \$20 million in State Aid in this year and I believe further Aid reductions may be imminent.

The attached plan includes proposed targets for Montgomery County Public Schools (MCPS), the Maryland-National Capital Park and Planning Commission (M-NCPPC), the Housing Opportunities Commission (HOC), and Montgomery College (the College). The principals of these agencies have expressed their willingness to cooperate in resolving our shared fiscal challenges.

I strongly urge the Council to expedite its review and approval of the attached Savings Plan, so that the necessary actions can be implemented as soon as possible. My staff is available to assist the Council in its review of the attached proposal. Thank you for your support of our efforts to preserve our most important services while preserving the fiscal health of the County Government.

	Approved FY10 Budget	Savings Plan Target	Agency as % of Total Budget	Target as % of Savings Plan	Target as % of Budget
MCG	1,585,853,910	16,593,800	42.4%	56.4%	1.1%
MCPS	1,940,540,941	9,702,700	51.9%	32.7%	0.5%
College	107,079,321	1,070,790	2.9%	3.6%	1.0%
MNCPPC	106,646,100	2,180,000	2.9%	7.3%	2.0%
<b>Total</b>	<b>3,740,120,272</b>	<b>29,547,290</b>			<b>0.8%</b>

Notes:

1. Amounts above exclude debt service.
2. The College budget above is the FY10 local contribution.
3. MCG savings plan target above does not include approximately \$89,000 in increased revenues

- c: Timothy L. Firestine, Chief Administrative Officer  
 Department and Office Directors  
 Dr. Jerry Weast, Superintendent, Montgomery County Public Schools  
 Dr. Hercules Pinkney, Interim President, Montgomery College  
 Royce Hanson, Chair, Montgomery County Planning Board  
 Michael J. Kator, Chair, Housing Opportunities Commission  
 Kathleen Boucher, Assistant Chief Administrative Officer

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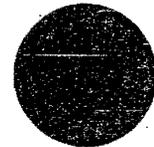
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OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Isiah Leggett  
County Executive

MEMORANDUM

September 22, 2009



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RECEIVED  
MONTGOMERY COUNTY  
COUNCIL

TO: Dr. Michael Lin, Chair  
Montgomery College Board of Trustees

FROM: Isiah Leggett, County Executive

SUBJECT: FY10 Savings Plan

This memorandum is to request participation by Montgomery College in the FY10 Savings Plan by reducing spending \$1.1 million, or one percent of the FY10 local contribution to Montgomery College, in order to generate additional resources to fund the FY11 operating budget. As you are aware, the FY11 Fiscal Plan Update I transmitted to the County Council on July 28, 2009, identified a projected budget shortfall of \$370 million for next fiscal year. Since that time, we have been notified by the State that local aid will be reduced by nearly \$20 million, and because of further deterioration in State revenues, additional reductions are possible. Because of the magnitude of this gap, I directed County government departments to identify current year savings of \$17 million in their budgets and recommend that other tax supported agencies also implement similar plans. The overall FY10 savings target is approximately \$30 million across all County agencies.

I realize this savings target will be difficult to achieve and acknowledge that many difficult decisions will need to be made in order to balance next year's budget. We must work towards a solution that maintains a tolerable tax burden for our residents, retains most existing services at current levels, and complies with standards of sound and responsible fiscal management. This is why I believe it is essential to take the necessary and prudent steps to begin addressing next year's projected shortfall and to align spending with available resources. Our inability to do so now will only exacerbate our fiscal challenges going forward.

I look forward to working in partnership with you over the next months to address the County's current difficult fiscal situation.

IL:jfb

- c: Phil Andrews, President, Montgomery County Council
- Dr. Hercules Pinkney, Interim President, Montgomery College
- Timothy L. Firestine, Chief Administrative Officer
- Bruce Meier, Office of Management and Budget

# Montgomery College

Office of the President

October 13, 2009

## MEMORANDUM

TO: The Montgomery College Community

FROM: Dr. Hercules Pinkney, Interim President

SUBJECT: Montgomery College Budget Savings Plan FY2010

Let me begin by thanking you for the excellent job you did in accommodating a record number of students this fall. I am proud that Montgomery College continues to be the first choice for higher education in Montgomery County. During this economic downturn, residents have come to the College to earn a degree, update skills, or learn a new trade, and we can expect this enrollment increase to continue. If past history is any indication, recessions bring increases in community college enrollment and a corresponding decline in state and local financial support.

That decline in aid is indeed a reality, as the budget picture continues to be grim in both Maryland and Montgomery County. Governor O'Malley announced \$450 million in budget cuts, employee layoffs, and furloughs in late August. More than \$210 million of the cuts were in state aid to local governments. Montgomery College's initial share of the state budget cut is \$1.9 million. In addition, Montgomery County has requested that the College participate in its savings plan and reduce spending by \$1.1 million. ***We must address this combined \$3 million revenue shortfall through specific, transparent and measurable spending reductions.***

In order to ensure that Montgomery College covers its estimated \$3 million revenue shortfall, the following budget reduction strategies will be implemented immediately. I have directed Marshall Moore [VP for Administrative & Fiscal Services] and Paula Matuskey [Interim Senior VP for Educational Services] to oversee the administration of these budget reduction strategies. Please direct all questions to these two senior vice presidents. The Montgomery College Budget Savings Plan includes:

- *Freezing hiring until further notice, except for those positions deemed essential and approved by the senior vice presidents and chief human resources officer. The PART (Position Action Review Team) protocol has been abolished. All recruitments funded by the operating budget and currently underway will be examined on a case-by-case basis to determine the appropriate course of action. **Faculty recruitments are the only employee class exempt from this hiring freeze.***
- *Reducing temporary positions Collegewide to generate savings in uncommitted budgetary funding.*
- *Restricting long distance travel and conferences/meetings. A detailed set of guidelines covering this area, along with rules governing any exceptions, is attached.*

- *Limiting spending for furniture and equipment to key instructional or academic purposes. All requisitions will be reviewed by the senior vice presidents for approval.*
- *Deferring all major purchases that are not essential to the services we offer to our students. All purchase resolutions proposed for action by the Board of Trustees will be examined by the President's Executive Council first to determine if they should proceed. This executive review will be guided by an abiding commitment to academic programs and fiscal restraint.*

Unfortunately, the fiscal challenges are likely to continue. The Governor is considering a second round of mid-year reductions. It can be anticipated that next year's state and county funding will be extremely austere. This means that every budget account manager should look closely at their spending plans and develop ways to conserve resources, such as curtailing meals for employee meetings. Finance Office staff members are preparing the first quarterly financial report; it should provide additional guidance on actions that will be necessary to get through this difficult fiscal climate. After this report is reviewed, we will be in a better position to decide when and if additional reductions are necessary.

I also plan to convene a Budget Advisory Committee that will include members from all employee groups across the College. The committee will work on ways to control the growth of spending, identify both short and long-term cost savings, and improve budget decision making. One of the specific charges of the Committee will be to examine existing major contracts to ensure resources are being expended in the best interest of the College. I am taking the lead in this regard and have already eliminated one major contract in the President's Office.

Please remember that your questions about budgetary matters or your suggestions on ways we can operate more efficiently or effectively are always welcome. Please use the suggestion box found on the Budget Office Web site at: [www.montgomerycollege.edu/Departments/budget/](http://www.montgomerycollege.edu/Departments/budget/).

As noted earlier, the state has been forced to take the drastic measure of implementing employee furloughs and layoffs as a result of budget shortfalls. At this time it does not appear that Montgomery College will need to take such action. However, we are planning ahead. As economic conditions at the state and county continue to deteriorate, the prospect of implementing furloughs or layoffs may warrant further consideration. Let me be clear: my intention is to avoid such action, but I cannot rule out this option entirely. I wish to be open and honest on this matter, given its seriousness.

In closing, I ask for your collaboration and cooperation as we move forward with these budget savings strategies. The current fiscal climate is likely to last for quite some time. While our funding is at risk for further cuts, I remain optimistic that we will find ways to work more efficiently and effectively while we streamline our administrative processes and increase our commitment to instructional quality. Thank you for your continued support, and I know that by working together, we will get through these difficult times. Remember, Montgomery College is strong. Montgomery College is family. Montgomery College is one.

MONTGOMER COLLEGE  
BUDGET ADVISORY COMMITTEE  
TEAMING UP TO ADDRESS THE CURRENT AND FUTURE BUDGET REDUCTIONS

The Montgomery Budget Advisory Committee is charged with ensuring inclusion of the broad College community in the process of addressing existing and pending budget reductions.

**The goals of the Committee are to:**

- Identify priority areas to be maintained or enhanced for future strength
- Identify efficiencies and recommend more effective alternatives
- Preserve human capital wherever possible
- Ensure that each unit/organization operates within its budget
- Down-size or eliminate non-critical activities
- Develop an effective External and Internal communications process for committee activities

**The Committee is chaired by \_\_\_\_\_ and is made up of:**

- Organization heads including provost and deans
- Faculty (Full-time and Part-time)
- Bargaining and Non-Bargaining staff
- Student representatives?

**Subcommittee Information**

- Steering Committee
- The Steering Committee is a working group(s) that will develop recommendations to be taken to the entire committee for discussion and approval. It is comprised of.....
- The committee should also review the suggestions submitted to the Budget Office website for feasibility and possible implementation.

**Possible areas that should be reviewed:**

- Contracts
- Revenue Enhancements
- Temporary Staffing
- Process Improvements
- Organization duplication/possible streamlining
- Course Fees
  - Lab & Technology
  - Variable Tuition
  - Distance Education
- Early Retirement Programs/Furloughs
- Computer and Printer Replacement Strategies
- ESH – currently being reviewed by the Deans
- Printing – a subgroup is currently reviewing
- Optimal class load