

MEMORANDUM

December 24, 2009

TO: Education Committee
CHS
FROM: Charles H. Sherer, Legislative Analyst
SUBJECT: Briefing from Montgomery College on enrollment, space deficits, condition of facilities, master plans, and prospects for State aid

The Committee will soon review the College's capital and operating budget requests. In preparation for this review, Council staff asked College staff to brief the Committee on the major factors that determine the budget requests. The reason for having this review now is to take advantage of the fact that the Committee's agenda is lighter than it will be when the budget season starts after the public hearings. David Capp, Kathy Wessman, and Donna Dimon will present the briefing.

I. Enrollment projections are important because they determine needs in both the capital and operating budgets.

Enrollment decreased from its peak in FY92 through FY97, and then began to increase. The projected enrollment growth is limited by two factors: One, the State Higher Education Commission limits the growth the Community Colleges are allowed to project; and two, the College has and will have a space deficit, which limits the number of courses students can take.

College staff explained that "The College's planning efforts are guided by two sets of enrollment projections:

1. **State projections** Capital requests and facilities space needs are primarily based on 10-year projections developed annually for the College (and all Maryland community colleges) by the Maryland Higher Education Commission (MHEC). Their most recently approved ten-year projections (Fall 2008 to Fall 2018) anticipate that the College will grow 8.9% in student headcount, 27.1% in FTE, and 16.6% in Full-Time Day Equivalent (FTDE) students. The next official set of projections will be used to prepare the FY12 State Bond Bill request that is submitted on June 1,

2010. The MHEC FTE and FTDE ten-year projections are based on student headcount, but an approximation of the resultant credit hours would yield ten-year growth rates of approximately 18% in credit hours.

2. **College projections** The College prepares five-year projections for internal planning and budget development as part of the annual operating budget. See ©1-2 for a table and graph of the College's enrollment.

II. Space deficits The State requires community colleges to prepare a report of space needs each year based on enrollment and the updated facility inventory. The College submits this report to the State as part of the annual State bond bill submission to support the College's requests for new facilities. This annual report has consistently shown that the College has significant space deficits on each of the three campuses, based on the ten-year enrollment projections. The table on ©3 shows that each campus that has a space deficit now will have a space deficit in the fall of 2018, even if the County is able to approve all the College's CIP requests.

Because the College needs space in various categories (such as class rooms, laboratories of various kinds, study, athletic, assembly, and office), and on the three campuses, it is probable that the College would have a deficit in some kinds of space at one campus, even if there were a surplus in other kinds of space at another campus.

III. Facilities Assessment -- Condition of Existing Facilities Maintaining the College's assets is obviously important. As the College has noted, planning for maintenance begins with a facilities assessment to determine the condition of existing facilities. A standard industry suggestion is that annual maintenance spending should be 5% of the replacement value of the facilities being maintained. The replacement value of the College's facilities at all three campuses was estimated in 2009 to be \$327 million, which would require an annual maintenance budget of \$16.4 million using the 5% suggestion. In addition to this "normal" maintenance, there is "deferred maintenance" which has not been done for fiscal reasons.

In order to understand the deferred maintenance issue, the College contracted with VFA Inc. in 2002 to perform a facilities condition assessment of all buildings, utilities, sewer systems, and parking lots on all three campuses. VFA Inc. is a firm that specializes in such assessments. The initial assessment was completed in August 2002 and the College briefed the Committee on the results in January 2003. At that time, the College identified \$57.8 million in deferred maintenance costs across five deficiency categories, and the College suggested spending \$5.7 million each year to eliminate this backlog over 10 years. The conclusions of this assessment were used by the College to support its request for capital funding directed at reducing deferred maintenance.

College staff explained that "In FY07, the College updated its facilities condition assessment as part of the college-wide facilities master plan update. This update of the facilities assessment data base, and an additional analysis of the progress made through 2009, indicate that at best the College is running in place due to the effects of inflation and the aging of the existing physical plant. Updated information from the College indicates that beginning with the original 2002 assessment data the College's anticipated backlog was \$76.6-million (adjusted to 2009 dollars). Since 2002,

\$39.3-million was spent strictly on repairs, replacements, upgrades and other direct maintenance items.

An analysis of the 2007 data adjusted for inflation and work accomplished through 2009 shows that the backlog of deferred maintenance had been reduced \$8.6 million, to approximately \$68.0 million. In other words, existing building systems and site improvements continue to reach the end of their useful life at a pace almost equal to the pace at which the systems and improvements are replaced. On this schedule, the deferred maintenance backlog will be only slightly reduced in future years.”

During the past year, the following deferred maintenance projects have been completed on the three campuses:

- On the Rockville Campus significant site improvement work has been completed to repair sidewalks that were in poor condition.
- On the Takoma Park/Silver Spring Campus the Commons building renovation has been completed, and will open for classes in Spring 2010.
- On the Germantown campus, roof replacements were completed for the Physical Education building and the Science and Applied Studies building.
- There were also five elevators modernized in three buildings across all the campuses.

The College’s deferred maintenance activity is performed in the following projects (and also in specific building renovation projects):

- Capital Renewal
- Elevator modernization
- PLAR
- Roof replacement
- Site improvements

Council staff notes that these projects are well-justified by the College’s assessments and have been planned, as the Council directed all agencies to do. Existing facilities must be maintained, and the postponement of maintenance adds to the deferred maintenance back-log. The College is attempting to reduce the back-log identified in the assessment studies. However, College staff also note that there are limits to how much work they can accomplish in any time period because of staff limitations and the need to keep as many buildings as possible open for classes.

The College’s infrastructure maintenance needs are reported periodically in the “Report of the Infrastructure Maintenance Task Force”, of which the next submission is anticipated in March 2010.

IV. Collegewide Facilities Master Plan The currently approved College-Wide Facilities Master Plan covers the period 2002 to 2012, and includes information from the 2002 Facilities Condition Assessment. The 2002-2012 Facilities Master Plan was adopted by the Board of Trustees in January 2004 and covers all three campuses, Workforce Development and Continuing Education, and the central administration units of the College. The Plan specifies when and where new and renovated

facilities should be requested, based partly on the facilities assessment. This work is reflected in the FY10-15 Capital Improvements Program.

An update of the adopted Plan is currently being prepared, funded in the facility planning project the Council approved in FY07. The update of the plan is anticipated to be completed in the first half of 2010. College staff indicated that the Board of Trustees is expected to review and adopt the updated master plan before submitting it to MHEC in mid-2010.

Both the 2002-12 Master Plan and the anticipated 2006-16 Updated Master Plan propose essentially the same new buildings on each campus with some different locations. Academic programs will relocate from existing buildings into new buildings when completed and renovated buildings will complete the cycle of improvements and growth. College staff stresses the importance of being able to start renovating the older buildings as soon as the new buildings are completed, so that the old buildings can be used as soon as possible for the expected increased enrollment. Therefore, design of a renovation must be completed just before the new building is completed.

The College’s request for renovations and new buildings is based on enrollment projections, the Facilities Condition Assessment, and the Facilities Master Plan. The next step after the Master Plan is for the College to complete a facility program for each new or renovated facility (also referred to as a program of requirements [POR] or “Part 1” by the State). The State uses the facility program in evaluating any project for State funding. The College uses the facility program as the basis for the design, which is followed by construction. With regard to the State, several of the College’s projects are eligible for State aid. Several years ago the College requested, and the Council agreed, that the County would fund smaller projects (even if State-aid eligible), which would increase the probability that the State would approve State aid for the higher cost and larger building projects the College requested in the annual State Bond Bill.

V. State aid in FY11 A perennial question is whether the County will be able to approve the College’s request, considering the lack of State aid and competition from other projects for County bonds. As noted above, the College needs: a) renovations to existing buildings to preserve them and to modify the space for new and different programs; and b) new facilities for existing and future enrollment. The College’s spending request assumes the following funding, in \$millions:

Source	FY11	FY11-16
County current revenue	18.0	95.162
County bonds	37.0	191.521
State aid	21.5	131.617
Other	0.5	1.882
Total	77.0	420.182

College staff notes that the College has consistently received the 50% share it requested for its eligible projects. The requested State aid for FY11 spending is for the following projects:

Germantown Bioscience Education Center	15.052
Rockville Science Center	6.244
Germantown Science & Technology Park Infrastructure	0.217
Total State aid spending in FY11	21.513

Committee discussion on February 21, 2008 and recommendation regarding the College's new strategy regarding State aid The College hopes and expects to get one major project each year, but more than one is not likely. Therefore, requesting State aid for design or for small construction projects is not rational. To maximize the amount of State aid the College gets, the requests should be for big construction projects and the County should fund the design. **The College notes that they must design a project before they can request State aid for construction.** The County should assume the State will fund its share of eligible construction costs for major projects, and the County should not fund construction until the State approves its share for eligible projects. On March 11, 2008, the Council agreed with this strategy.

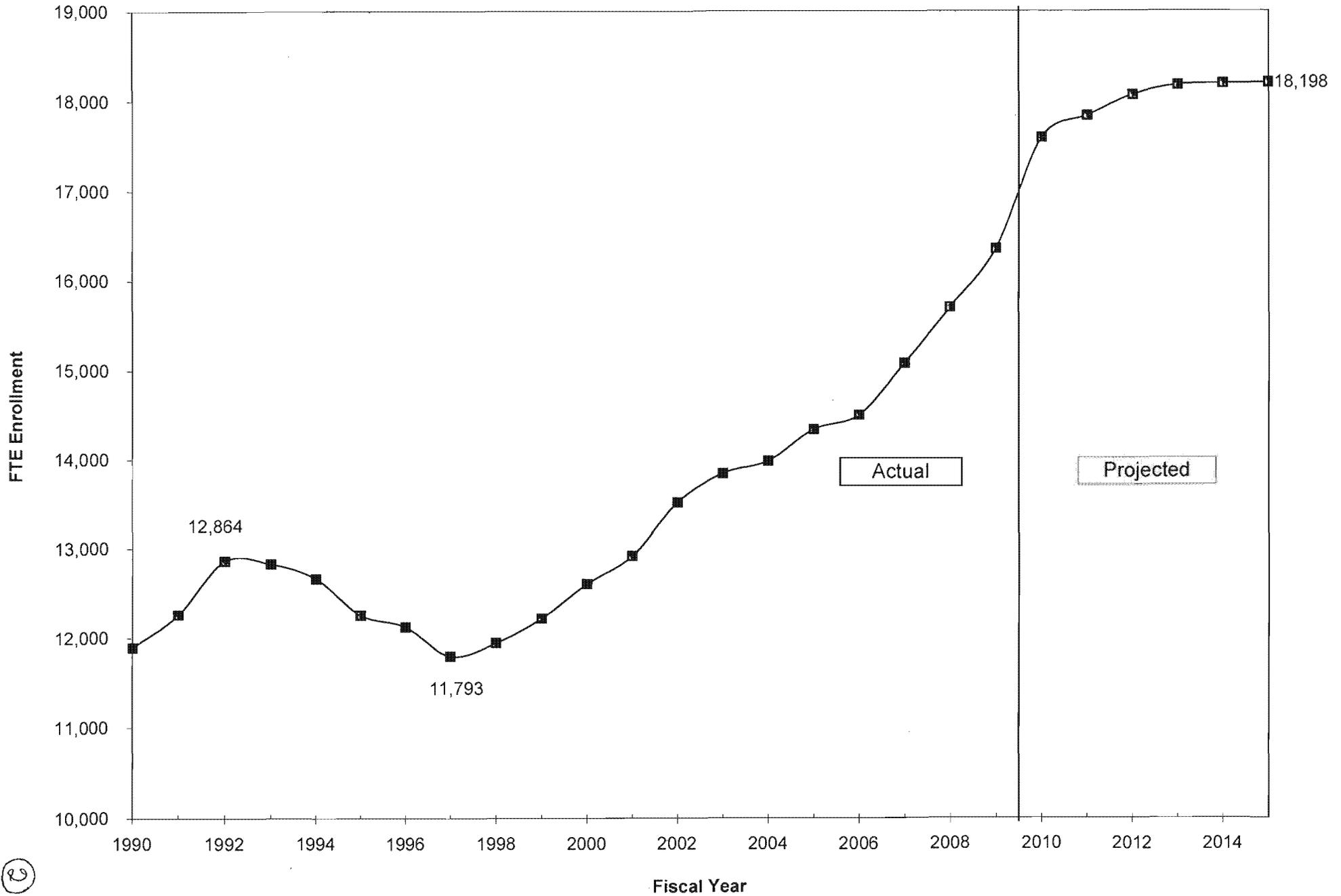
MONTGOMERY COLLEGE ENROLLMENT

Actual through FY09, estimated FY10, projected FY11-15

FY	Credit hours	FTE	% change
1990	356,820	11,894	
1991	367,969	12,266	3.1%
1992	385,928	12,864	4.9%
1993	384,945	12,832	-0.3%
1994	379,854	12,662	-1.3%
1995	367,733	12,258	-3.2%
1996	363,751	12,125	-1.1%
1997	353,797	11,793	-2.7%
1998	358,312	11,944	1.3%
1999	366,518	12,217	2.3%
2000	378,051	12,602	3.1%
2001	387,443	12,915	2.5%
2002	405,309	13,510	4.6%
2003	415,189	13,840	2.4%
2004	419,374	13,979	1.0%
2005	429,962	14,332	2.5%
2006	434,806	14,494	1.1%
2007	452,322	15,077	4.0%
2008	471,006	15,700	4.1%
2009	490,534	16,351	4.1%
2010	527,835	17,595	7.6%
2011	535,176	17,839	1.4%
2012	542,021	18,067	1.3%
2013	545,230	18,174	0.6%
2014	545,697	18,190	0.1%
2015	545,954	18,198	0.0%
FY97-FY09:			
Amount increase		4,558	
% increase		38.6%	
Average % increase		2.8%	

FY09-FY15:		
Amount increase		1,847
% increase		11.3%
Average % increase		1.8%

MONTGOMERY COLLEGE FTE ENROLLMENT (Current Fund)



SPACE NEEDS AT MONTGOMERY COLLEGE

Net Assignable Square Feet (NASF)

4 Fall 2008:	Germantown	Rockville	Takoma Park
5 Amount space College has	195,425	545,539	315,297
6 Amount space College needs	314,520	829,899	383,903
7 Surplus (Deficit)	(119,095)	(284,360)	(68,606)

10 Increases (decreases) in space between 2008 and 2018, based on College's request:

11 GT Bioscience Education Center	72,960		
12 GT Child Care Center	3,360		
13 RV Science Center		83,666	
14 TP Cafritz Arts Center - ITOC (formerly NOC)			6,100
15 TP Cafritz Arts Center (WDCE) *			0
16 TP Performing Arts Center			26,881
17 TP The Commons			16,518
18 Miscellaneous Space Adjustments **	(2,313)	(11,676)	0

21 Space College will have by 2018, based on their request	269,432	617,529	364,796
22 Space College will need by 2018, based on projected enrollment	402,129	903,802	461,962
23 Surplus (Deficit), Fall 2018	(132,697)	(286,273)	(97,166)

25 Headcount, fall 2008	6,009	15,816	6,586
26 Headcount, fall 2018	7,021	16,795	7,128
27 Projected % change headcount	17%	6%	8%

30 Effects of Buildings NOT likely to be completed by 2018

31 Surplus (Deficit), Fall 2018	(132,697)	(286,273)	(97,166)
32 GT Student Services Center	66,370		
33 RV Student Services Center		60,000	
34 TPSS Math and Science Center			73,555
35 Adjusted 2018 Surplus/(Deficit)	(66,327)	(226,273)	(23,611)

*WDCE renovation details for unfinished Cafritz Arts Center are not yet available; space will be converted into Workforce Development and Continuing Education classrooms, labs, and offices.

**Some examples of "Miscellaneous Space Adjustments" include renovations that have resulted in changes in space due to new programming, daycare spaces, and leased spaces. One example on the Rockville Campus is the Science East building. When it opens after renovation more than 11,000 SF will no longer be assignable space. Conforming to ADA requirements for larger restrooms will reduce assignable space. On the Germantown campus when the Childcare Center opens, 807 SF of Childcare space in the Humanities building will be converted in to office space, and an 80 SF shed will be vacated.

The table above is the official space data submitted to the State in July 2009 in support of the FY 11 bond bill funding request. This submission is based on Fall 2008 data. The college does not finalize Fall 2009 space data until spring 2010 as that is when the enrollment projections approved by the State are supplied for use in calculating college surplus/deficits. The above data is from CC-Table 3.