

ED # 3  
April 25, 2011

**MEMORANDUM**

April 19, 2011

TO: Education Committee  
FROM: *CHS*  
Charles H. Sherer, Legislative Analyst  
SUBJECT: FY12 operating budget for Montgomery College

The following may attend:  
Some Board members  
Dr. DeRionne P. Pollard, President  
Mr. Marshall Moore, Senior Vice-President for Administrative and Fiscal Services  
Ms. Donna Dimon, Chief Budget and Management Studies Officer  
Ms. Angela Dizelos and Mr. Bruce Meier, OMB

**Council staff recommendation: accept the College's \$4.6 million list of reductions and put the amount on the reconciliation list.**

**Current revenue projects in the CIP** On March 15, 2011, the Council set a public hearing for April 5-7 regarding potential amendments to the FY11-16 CIP. The Council staff memorandum stated that

“As noted previously Council staff is also putting forward all Current Revenue-funded projects as potential amendments so that the Council will have in front of it all claims on cash resources as it reviews the aggregate Operating Budget this spring.” The College's projects are:

1. Facility Planning: College
2. Information Technology: College
3. Instructional Furniture and Equipment: College
4. Network Infrastructure and Support Systems
5. Network Operating Center
6. Planning, Design & Construction
7. Student Learning Support Systems

**Council staff does not recommend any reductions to these projects now, but may have to recommend reductions in May to reconcile the CIP.**

**Operating budget** Montgomery College has campuses in Germantown, Rockville, and Takoma Park which enroll more than 24,000 students and have 1,711 faculty and staff in the tax supported funds in the current fiscal year. The College's budget was distributed in February and the Executive's Recommended FY12 Operating budget includes a section on the College, starting on page 11-1.

**FY12 operating budget request for the tax supported funds** The College is requesting an increase in the tax-supported funds of \$3.1 million/1.4%, from \$215.8 million in FY11 to \$218.9 million in FY12. The major components of the increase are shown on ©11. The College projects that budgeted enrollment will decrease 0.2% from FY11 to FY12. The College's FY12 request includes no COLA and no step increases (the Board stated that they would need to revisit this issue if other agencies approve such increases); no improvements; and no additional employees, despite opening the Rockville Science Center. The College's request does include \$1.0 million to start eliminating the underfunding of retiree health benefits (referred to as OPEB, which stands for Other Post Employment Benefits). This is the amount in the County's Fiscal Plan.

**Changes in the Current Fund** The College's requested increases for the Current fund in recent years are shown below.

FY07-08	\$20.3 million
FY08-09	\$18.4 million
FY09-10	\$6.4 million
FY10-11	\$6.2 million
FY11-12	\$3.1 million

**Enrollment** A table of College enrollment is on ©9, followed by a graph of enrollment. The lowest enrollment since 1990 was in FY97.

- For the 14 year period from FY97 through FY10, enrollment increased steadily at an annual average rate of 3.2% per year.
- For the 7 year period FY10-16, the College projects that enrollment will increase at a more modest annual average rate of 0.3%.
- For FY11-12, the College projects that enrollment will decrease 0.2% from FY11 budgeted enrollment to FY12 budgeted enrollment.
- Actual enrollment in the current year, FY11, is only one half of one percent less than budgeted enrollment.

**Funding** The major revenues used to fund the budget are shown below and on ©1. FY12 Coll 1 is the College February request. FY12 Coll 2 is the College April request.

Source	FY11 approved	FY12 Coll 1	FY12 CE	FY12 Coll 2
County	45.7%	45.1%	42.0%	43.8%
State	14.2%	13.6%	13.7%	13.6%
Tuition and fees	36.2%	37.5%	37.7%	37.5%
All other	3.9%	3.8%	6.5%	5.1%
Total	100.0%	100.0%	100.0%	100.0%

1. **County contribution** In February, the College requested the same County contribution in FY12 as in FY11, despite opening the Rockville Science Center and the fact that they included \$1.0 million for OPEB, as mentioned above, slightly offset by the slight (0.2%) decrease in enrollment budget to budget also mentioned above.

In March, the Executive recommended \$7.4 million less County contribution than the College's February request (and also recommended that the College use \$5.8 million more fund balance, with the result that the Executive's recommended spending was \$1.6 million less than the College requested).

In April, the Board revised its requested County contribution to reduce it by \$2.8 million from February. The Board's revised request is now \$4.6 million more than the Executive recommended.

**Maintenance of effort** for the College requires the same total County contribution for the Current Fund in FY12 as in FY11 (not the same per pupil), which was \$98.1 million in FY11. The College requested the same County contribution in FY12. As explained above, the Executive recommended a County contribution of \$90.6 million, which is \$7.4 million less than the MOE requirement. If the County does not maintain effort, then the State might not give the College any increase in State aid from the previous year.

However, College staff notes that the State is not increasing its aid (in the Governor's budget), but instead is decreasing it \$822,000 in the Current Fund. College staff explained that "In FY11, the college reallocated \$1 million in state aid from Workforce Development and Continuing Education to help the operating budget. Formula funded State aid remained unchanged from FY11." There is no penalty if the County does not maintain effort for the College.

2. **State aid** The College notes that the Governor's budget shows a decrease from FY11 of \$822,000 in the Current Fund. The Executive agrees with the College's estimate.
3. **Tuition and fees** The College's FY12 budget assumes that the Board will increase tuition per credit hour in April by \$3/2.8% for Montgomery County residents, \$6/2.7% for State residents who are not residents of Montgomery County, and \$9/3.0% for out-of-state residents. These

were the same increases the Board approved for FY11. The Executive agrees with the College's estimate.

**Spending Affordability Guidelines and the College's request** The Council's February ceiling on the aggregate operating budget (AOB) requires a decrease of 2.9% for each agency from FY11 to FY12 (the payment for OPEB is accounted for separately). The College's allocation of \$135.0 million, plus a separate allocation of \$1.0 million for OPEB, plus the College's estimated \$80.5 million in tuition and tuition related charges, is \$216.5 million, which is \$2.4 million less than the College's \$218.9 million request.

**Executive's recommendation** The Executive's recommendation, compared to the College's February request, is summarized below (however, the College revised its request in April):

1. Reduce expenditures from the College's tax supported FY12 request by \$1.6 million, all from the Current Fund. He recommends **no** reduction to the other funds in the College's request except for the budget for CATV, which the GO Committee reviews.
2. Reduce the County contribution \$7.4 million, from \$98.1 million to \$90.6 million.
3. Partially offset the \$7.4 million reduction in the County contribution by using \$5.8 million more of the College's fund balance. The Executive's recommended net reduction in revenue is therefore \$1.6 million (\$7.4m - \$5.8m), the same as his recommended reduction in expenditures. If the College agrees with the Executive to use \$5.8 million more fund balance, then their budget would (only) be reduced \$1.6 million. If the College does not agree to use \$5.8 million more fund balance, then their budget would have to be reduced \$7.4 million.

**College's revised April request** In response to the Executive's recommendation as summarized above, the College revised their requested funding but did not revise their requested expenditures.

a) Compared to their February funding, they reduced their request for County funding by \$2.8 million and increased the use of their fund balance by the same amount.

**b) Compared to the Executive's recommended funding, their request for County funding is \$4.6 million more and the use of their fund balance is \$3.0 million less, with the result that their requested expenditures are still \$1.6 million more than the Executive's recommendation.**

**College's tax supported fund balance** The table below compares the College's April request and the Executive's recommendation, in \$ millions.

	College	CE	CE – College
Beginning of FY12	\$15.9	\$15.9	\$0.0
Use to fund the FY12 budget	-8.9	-11.9	-3.0
End of FY12	7.0	4.0	-3.0

**Reductions to the College's request for the tax supported funds** The Council does not have to accept the amount of reduction the Executive recommended. However, if the Council reduces the College's budget less, then the Council will have to reduce other agencies more and/or raise more revenue than the Executive recommended.

In a letter dated April 14, 2011, the College President explained how they would reduce their request \$4.6 million to the Executive's recommended County contribution, and she also explained the impact of the reductions (©18). **Council staff suggests accepting the College's \$4.6 million of reductions and putting the amount on the reconciliation list.** The reductions are summarized below and the full text from the College's letter is on ©22-23. The items the College would most like restored are listed first.

1. Reduce budget \$1.6 million. Delay hiring staff to operate and maintain the lab facility at the new Rockville Science Center, which will open in the fall of 2011.
2. Reduce budget \$1.5 million. Reduce academic programs and student services.
3. Reduce budget \$1.5 million. Reduce institutional support functions in information technology, human resources, and facilities.

**Non tax-supported funds, excluded from spending affordability** The College is not requesting any additional positions for these funds. No reductions are required under spending affordability. The Executive recommends approval of the College's request, except for the CATV fund, which is reviewed by the GO Committee. Council staff agrees. See the following page for more information and the table on ©1 for the budgets.

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**ADDITIONAL INFORMATION RELEVANT TO THE COLLEGE'S  
OPERATING BUDGET**

**Components of the College's budget** The College's budget consists of the following funds. The first two funds, plus any County funded grants, are the tax supported funds as defined for spending affordability and the next four funds are enterprise funds.

- (1) Current Fund. This is the main fund for courses leading to degrees and accounts for 83% of the College's total budget request, about the same percentage as in prior years.

The College accounts for County funded grants in the Grant Fund (see below), not in the Current Fund. However, the County funded grants must be included in the tax supported funds as defined for spending affordability. The FY12 amount of \$400,000 is for some adult education programs that were transferred from MCPS in FY06.

- (2) Emergency Fund for Plant Maintenance and Repair. The name accurately describes this fund. The College explained that "The project must be considered an emergency and meet one of the following criteria:

- an emergency may be any situation in which immediate action is required to prevent damage to the College's facilities and/or to eliminate an immediate threat to the health and safety of people or
- an emergency may be an unanticipated failure of a piece of equipment or a failure of a part of a building structure which needs to be corrected to prevent disruption to the College's programs and services, but is not funded in the College's regular operating or capital budget.
- Other requirements - leased space is not eligible; project was not easily foreseen; and the cost of the project must be more than \$10,000.

Examples include replacing equipment in the physical plant, elevator repair, Macklin building shell project, roof repair, removing mold, HVAC repair, chiller repair, etc." The College also has used this fund to repair sidewalks which pose an immediate danger to walkers of tripping and falling.

- (3) Workforce Development & Continuing Education. This fund provides noncredit training and off-campus credit courses for residents, employees, and employers in the following program areas, as explained at the College's web site:

- Business, Information Technology, & Safety to enhance and update workplace skills.
- Community Education offers enrichment courses for everyone in the community
- English skills for adult speakers of other languages from very basic to advanced.
- Extended Learning Services permits students to receive college credit through non-traditional routes.

- Gudelsky Institute for Technical Education permits students to learn a trade, such as automotive and construction.
- Health Sciences Institute offers health care courses and wellness classes.
- Information Technology Institute offers classes ranging from basic to advanced computer skills.
- Classes in the School of Art & Design

- (4) Auxiliary Enterprises. This fund includes food services, the bookstores, the Parilla Performing Arts Center, the summer dinner theater, and child care services for students, faculty and staff of the College, and for community families when space is available.
- (5) Cable TV Fund, for the College's channel on the County's cable system. The GO Committee makes the recommendation for this fund, along with the cable funds in other agencies.
- (6) Transportation Fund. This Fund gets its revenues from a charge to students and to employees. The current transportation fee is \$4 per credit hour and \$96 per year for full time employees. The fund pays for the Ride-On bus service and for debt service on parking garage bonds.
- (7) State, Federal, Private Grants, and Contributions. The request includes \$1,000,000 for future grants not yet received. When the College receives a grant not specifically identified in the budget, the College can simply transfer an appropriation from this future grant account and does not have to go through the process of requesting a supplemental appropriation, with the resulting costs of advertising the public hearing, and reams of paperwork. The other agencies have a similar account.
- (8) 50th Anniversary Endowment Fund. In honor of the College's 50<sup>th</sup> Anniversary, the Board of Trustees established this Fund in 1995 for scholarships and faculty chairs. Revenue has been from transfers from the Current Fund, which is a combination of State, County, tuition & fees, and so forth. In 2004, the Board expanded the uses of this Fund to include "...projects related to campus development, academic initiatives, and other projects that can be funded from an alternative funding source that benefit the College...[and] for all types of expenditures if recommended by the President and approved by the Board of Trustees."
- (9) There is also a Major Facilities Reserve Fund, funded entirely from student fees, currently \$5 per credit hour. The Fund is used to specifically benefit the students, since they pay the fees which create the Fund. For FY12, this Fund will be used to pay the lease costs to the Montgomery College Foundation related to debt service for the renovation of the Cafritz Family Foundation Art Center".

**Full time faculty positions** The College would like to achieve a ratio of credit hours taught by full time to part time faculty of 65/35, but the County has not been able to afford this goal. As in

prior years, lack of office space and other budget priorities limit the College's ability to add more full time faculty. The ratio next fiscal year in the College's request is 54/47.

The College's rationale for increasing the ratio of full time to part time faculty is that:

- "The younger students demand and require more time with the faculty.
- "In addition, the College needs to add full-time faculty to be able to provide a comprehensive array of collegiate courses, particularly in the sciences, English and nursing, which will help address the health professional shortage."

**Summary of prior year's discussion.** The Council expressed appreciation for and admiration of the contribution the College makes in educating its students. The Council appreciates the collaborative relationship the County has with the College. The Council acknowledged the important role the College plays in the County, serving high school graduates, adults, and immigrants. The College helps provide a workforce for firms already in and moving into the County. The Committee expressed appreciation for the College's and their employees' participation in addressing the budget gap by presenting a realistic budget request, and noted the lack of a pay plan adjustment (COLA).

The College stressed the importance of full time faculty and the need for more space for both classrooms and offices. Based on State guidelines, the College has a shortage of space, which the new facilities in the Capital Improvements Program will only partially eliminate.

The Committee noted the increasing importance of distance/extended learning. Some classes use a mix of distance and on-campus classes. The College is expanding carefully and is evaluating the outcomes. The College explained why distance learning can be more expensive than on campus classes: "The added expense refers to the cost of developing online courses and training/supporting faculty as they become qualified online teachers and the cost of the course management system. The course management system covers remotely hosted servers for WebCT (the Course Management System we currently have), a 24 hour helpdesk for DL Faculty and students, and on-site consultants for the Office of DL and other technology assistance. "

The College and their Board of Trustees continually evaluate their academic and administrative/support programs. In addition, several other agencies review the College's programs, so there is no lack of oversight: the Council, the Executive, the State (Maryland Higher Education Commission), and the Middle States Association.

(The Middle States Commission on Higher Education is the unit of the Middle States Association of Colleges and Schools that accredits degree-granting colleges and universities in the Middle States region, which includes Delaware, the District of Columbia, Maryland, New Jersey, New York, Pennsylvania, Puerto Rico, the U.S. Virgin Islands, and several locations internationally. The Commission is a voluntary, non-governmental, membership association that defines, maintains, and promotes educational excellence across institutions with diverse missions, student populations, and resources. It examines each institution as a whole, rather than specific programs within the institution.)

**MONTGOMERY COLLEGE  
FY2012 SUMMARY OF OPERATING BUDGET**

	Spending Affordability				Enterprise Funds*					Fed/State/ Priv. Grts. & Cont.*	MC 50th Endowment	Subtotal
	Current Fund	Grants	EPM&R Fund	Subtotal	Wkfc Devl. & CE	Auxiliary Enterprises	Cable TV*	Transportn Fund	Subtotal			
<b>Revenues</b>												
County Contribution	\$98,051,990	\$400,000	\$250,000	\$98,701,990			\$1,371,230		\$1,371,230			\$100,073,220
Tuition & Tuition-Related*	80,464,800			80,464,800	\$8,250,000				8,250,000			88,714,800
Other Student Fees	1,503,473			1,503,473				\$2,500,000	2,500,000			4,003,473
State Aid	29,788,628			29,788,628	5,193,844				5,193,844			34,982,472
Federal Grants (SFA Allow)	300,000			300,000					-	\$12,558,000		12,858,000
State Contracts/Grants				-					-	6,085,000		6,085,000
Contracts for Services				-		\$4,467,230			4,467,230			4,467,230
Interest	75,000			75,000	15,000	5,000		20,000	40,000		\$5,000	120,000
Performing Arts Center	100,000			100,000		400,000			400,000			500,000
Other Revenues	800,000			800,000	563,292	1,418,000		150,000	2,131,292	2,390,000		5,321,292
<b>Total Revenues</b>	<b>211,083,891</b>	<b>400,000</b>	<b>250,000</b>	<b>211,733,891</b>	<b>14,022,136</b>	<b>6,290,230</b>	<b>1,371,230</b>	<b>2,670,000</b>	<b>24,353,596</b>	<b>21,033,000</b>	<b>5,000</b>	<b>257,125,487</b>
<b>Transfers Among Funds</b>												
<b>Mandatory transfers (expenses):</b>												
FWS - Financial Aid												-
Perkins - Financial Aid												-
SEOG - Financial Aid												-
<b>Nonmandatory transfers (revenue):</b>												
WDCE support of operating	1,000,000			1,000,000	(1,000,000)							-
Aux. Enterprises Overhead												-
<b>Total Transfers</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>(1,000,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>
Fund Balance 6/30/11 1)	15,354,120	-	552,322	15,906,442	6,289,857	3,028,300	138,091	6,429,706	15,885,954	-	615,730	32,408,126
<b>TOTAL RESOURCES</b>	<b>227,438,011</b>	<b>400,000</b>	<b>802,322</b>	<b>228,640,333</b>	<b>19,311,993</b>	<b>9,318,530</b>	<b>1,509,321</b>	<b>9,099,706</b>	<b>40,239,550</b>	<b>21,033,000</b>	<b>620,730</b>	<b>290,533,613</b>
<b>Expenditures</b>												
Instruction (10)	(84,509,969)			(84,509,969)	(16,036,583)				(16,036,583)			(100,546,552)
Academic Support (40)	(30,062,195)			(30,062,195)			(1,391,230)		(1,391,230)			(31,453,425)
Student Services (50)	(25,970,121)			(25,970,121)					-			(25,970,121)
Op. & Maint. of Plant (60)	(33,509,408)		(350,000)	(33,859,408)					-			(33,859,408)
Institutional Support (70)	(40,660,378)			(40,660,378)					-			(40,660,378)
Scholarship & Fellowships	(3,397,475)			(3,397,475)	(100,000)				(100,000)			(3,497,475)
Auxiliary Expenditures				-		(6,451,173)		(2,500,000)	(8,951,173)			(8,951,173)
Grant & Endowmt Expenditures		(400,000)		(400,000)					-	(21,033,000)	(250,000)	(22,083,000)
<b>Total Expenditures</b>	<b>(218,109,546)</b>	<b>(400,000)</b>	<b>(350,000)</b>	<b>(218,859,546)</b>	<b>(16,136,583)</b>	<b>(6,451,173)</b>	<b>(1,391,230)</b>	<b>(2,500,000)</b>	<b>(26,478,986)</b>	<b>(21,033,000)</b>	<b>(250,000)</b>	<b>(266,621,532)</b>
<b>Use of Fund Balance</b>	<b>6,025,655</b>	<b>-</b>	<b>100,000</b>	<b>6,125,655</b>	<b>3,114,447</b>	<b>160,943</b>	<b>20,000</b>	<b>-</b>	<b>2,125,390</b>	<b>-</b>	<b>245,000</b>	<b>8,496,045</b>
<b>Projected FB 6/30/12</b>	<b>\$9,328,465</b>	<b>-</b>	<b>\$452,322</b>	<b>\$9,780,787</b>	<b>\$3,175,410</b>	<b>\$2,867,357</b>	<b>\$118,091</b>	<b>\$6,599,706</b>	<b>\$13,760,564</b>	<b>-</b>	<b>\$370,730</b>	<b>\$23,912,081</b>

\* Excluded from Spending Affordability calculation.

MONTGOMERY COLLEGE  
FY2012 SUMMARY OF OPERATING BUDGET

	Subtotal from page 1	Major Facilities Reserve Fund*				Total
<b>Revenues</b>						
County Contribution	\$100,073,220					\$100,073,220
Tuition & Tuition-Related*	88,714,800					88,714,800
Other Student Fees	4,003,473	\$3,300,000				7,303,473
State Aid	34,982,472					34,982,472
Federal Grants (SFA Allow)	12,858,000					12,858,000
State Contracts/Grants	6,085,000					6,085,000
Contracts for Services	4,467,230					4,467,230
Interest	120,000	22,000				142,000
Performing Arts Center	500,000					500,000
Other Revenues	5,321,292					5,321,292
<b>Total Revenues</b>	<b>\$257,125,487</b>	<b>3,322,000</b>				<b>260,447,487</b>
<b>Transfers Among Funds</b>						
Mandatory transfers (expenses):						
FWS - Financial Aid	-					-
Perkins - Financial Aid	-					-
SEOG - Financial Aid	-					-
Nonmandatory transfers (revenue):						
Contin. Education Overhead	-					-
Aux. Enterprises Overhead	-					-
Total Transfers	0					-
Fund Balance 6/30/11 1)	32,408,126	2,487,130				34,895,256
<b>TOTAL RESOURCES</b>	<b>290,533,613</b>	<b>5,809,130</b>				<b>296,342,743</b>
<b>Expenditures</b>						
Instruction (10)	(100,546,552)					(100,546,552)
Academic Support (40)	(31,453,425)					(31,453,425)
Student Services (50)	(25,970,121)					(25,970,121)
Op. & Maint. of Plant (60)	(33,859,408)	(2,400,000)				(36,259,408)
Institutional Support (70)	(40,660,378)					(40,660,378)
Scholarship & Fellowships	(3,497,475)					(3,497,475)
Auxiliary Expenditures	(8,951,173)					(8,951,173)
Grant & Endowmt Expenditures	(22,083,000)					(22,083,000)
<b>Total Expenditures</b>	<b>(266,621,532)</b>	<b>(2,400,000)</b>				<b>(269,021,532)</b>
<b>Use of Fund Balance</b>	<b>8,496,045</b>	<b>3,409,130</b>				<b>11,905,175</b>
<b>Projected FB 6/30/12</b>	<b>\$23,912,081</b>	<b>\$3,409,130</b>				<b>27,321,211</b>

\* Excluded from Spending Affordability calculation.

	A	B	C	P	Q	R	S	T	U	V	W
1	MONTGOMERY COLLEGE OPERATING BUDGET										
2	Separate row for OBEB										
4	FY12 →						Budget at CE recommended County contribution and College's use of fund balance				
5				Executive	College April request			Hypothetical			
6	Fund	FY11 Approved	College February request	March 15	Amount	\$chg from CE	\$chg from Coll Feb	April 25	\$chg from CE	\$chg from Coll	
7	<b>I. Expenditures</b>										
8	Current excluding OPEB	215,024,676	217,109,546	215,524,676	217,109,546	1,584,870	0	212,524,676	(3,000,000)	(4,584,870)	
9	OPEB	0	1,000,000	1,000,000	1,000,000	0	0	1,000,000	0	0	
10	Grants funded by County	400,000	400,000	400,000	400,000	0	0	400,000	0	0	
11	Emergency Plant Maint. & Repair	350,000	350,000	350,000	350,000	0	0	350,000	0	0	
12	Subtotal, tax-supp budgets	215,774,676	218,859,546	217,274,676	218,859,546	1,584,870	0	214,274,676	(3,000,000)	(4,584,870)	
13	Check								(3,000,000)	(4,584,870)	
14	50th Endowment	250,000	250,000	250,000	250,000	0	0	250,000	0	0	
15	Auxiliary Enterprises	6,464,561	6,451,173	6,451,173	6,451,173	0	0	6,451,173	0	0	
16	CATV (GO makes recommendation)	1,302,250	1,391,230	1,230,000	1,391,230	161,230	0	1,391,230	161,230	0	
17	Grants: Federal, State, or private	21,033,000	21,033,000	21,033,000	21,033,000	0	0	21,033,000	0	0	
18	Major Facilities Reserve Fund	2,400,000	2,400,000	2,400,000	2,400,000	0	0	2,400,000	0	0	
19	Transportation	2,500,000	2,500,000	2,500,000	2,500,000	0	0	2,500,000	0	0	
20	Workforce Dev. & Con. Ed.	16,136,583	16,136,583	16,136,583	16,136,583	0	0	16,136,583	0	0	
21	Subtotal non tax supported funds	50,086,394	50,161,986	50,000,756	50,161,986	161,230	0	50,161,986	161,230	0	
22											
23	Total	265,861,070	269,021,532	267,275,432	269,021,532	1,746,100	0	264,436,662	(2,838,770)	(4,584,870)	
24											
25	<b>COMPONENTS OF THE CURRENT FUND</b>										
26	Salaries and benefits	169,647,383	174,404,846								
27	Operating expenses	43,357,901	41,057,308								
28	Furniture and equipment	2,019,392	2,647,392								
29	Total	215,024,676	218,109,546								
30											
31	<b>II. SOURCES OF FUNDS FOR TAX SUPPORTED BUDGETS (S.</b>										
32	<b>A. Current fund</b>										
33	County	98,051,990	98,051,990	90,638,655	95,223,525	4,584,870	(2,828,465)	90,638,655	0	(4,584,870)	
34	State	30,610,336	29,788,628	29,788,628	29,788,628	0	0	29,788,628	0	0	
35	Tuition and tuition related	76,748,807	80,464,800	80,464,800	80,464,800	0	0	80,464,800	0	0	
36	Other student fees	1,324,785	1,503,473	1,503,473	1,503,473	0	0	1,503,473	0	0	
37	All other	1,465,000	1,275,000	1,275,000	1,275,000	0	0	1,275,000	0	0	
38	Transfers	0	1,000,000	1,000,000	1,000,000	0	0	1,000,000	0	0	
39	Use of fund balance	6,823,758	6,025,655	11,854,120	8,854,120	(3,000,000)	2,828,465	8,854,120	(3,000,000)	0	
40	Total	215,024,676	218,109,546	216,524,676	218,109,546	1,584,870	0	213,524,676	(3,000,000)	(4,584,870)	
41	Check	215,024,676	218,109,546	216,524,676	218,109,546			213,524,676			
42	County contribution for current fund must be at least as much as in prior										

	A	B	C	P	Q	R	S	T	U	V	W
2	Separate row for OBEB										Budget at CE recommended County contribution and College's use of fund balance
4	FY12 →										
5				Executive	College April request			Hypothetical			
6	Fund	FY11 Approved	College February request	March 15	Amount	\$chg from CE	\$chg from Coll Feb	April 25	\$chg from CE	\$chg from Coll	
43	<b>B. Grants funded by the County</b>										
44	County	400,000	400,000	400,000	400,000	0	0	400,000	0	0	
45	Use of fund balance	0	0	0	0	0	0	0	0	0	
46	Other	0	0	0	0	0	0	0	0	0	
47	Total	400,000	400,000	400,000	400,000	0	0	400,000	0	0	
48											
49	<b>C. Emergency Plant Maintenance &amp; Repair Fund</b>										
50	County	250,000	250,000	250,000	250,000	0	0	250,000	0	0	
51	Use of fund balance	95,000	100,000	100,000	100,000	0	0	100,000	0	0	
52	Other	5,000	0	0	0	0	0	0	0	0	
53	Total	350,000	350,000	350,000	350,000	0	0	350,000	0	0	
54											
55	<b>D. Total sources for tax supported funds</b>										
56	County	98,701,990	98,701,990	91,288,655	95,873,525	4,584,870	(2,828,465)	91,288,655	0	(4,584,870)	
57	State	30,610,336	29,788,628	29,788,628	29,788,628	0	0	29,788,628	0	0	
58	Tuition and tuition related	76,748,807	80,464,800	80,464,800	80,464,800	0	0	80,464,800	0	0	
59	Other student fees	1,324,785	1,503,473	1,503,473	1,503,473	0	0	1,503,473	0	0	
60	Transfers	0	1,000,000	1,000,000	1,000,000	0	0	1,000,000	0	0	
61	Use of fund balance	6,918,758	6,125,655	11,954,120	8,954,120	(3,000,000)	2,828,465	8,954,120	(3,000,000)	0	
62	All other	1,470,000	1,275,000	1,275,000	1,275,000	0	0	1,275,000	0	0	
63	Total	215,774,676	218,859,546	217,274,676	218,859,546	1,584,870	0	214,274,676	(3,000,000)	(4,584,870)	
64	Check	215,774,676	218,859,546	217,274,676	218,859,546	1,584,870	0	214,274,676			
65	<b>SOURCES OF FUNDS AS % OF EXPENDITURES</b>										
66	County	45.7%	45.1%		43.8%	43.8%					
67	State	14.2%	13.6%		13.6%	13.6%					
68	Tuition and fees	36.2%	37.5%		37.5%	37.5%					
69	All other	3.9%	3.8%		5.1%	5.1%					
70	Total	100.0%	100.0%		100.0%	100.0%					

4

MONTGOMERY COLLEGE ENROLLMENT

Actual through FY10, estimated FY11, projected in February 2011 for FY12-16

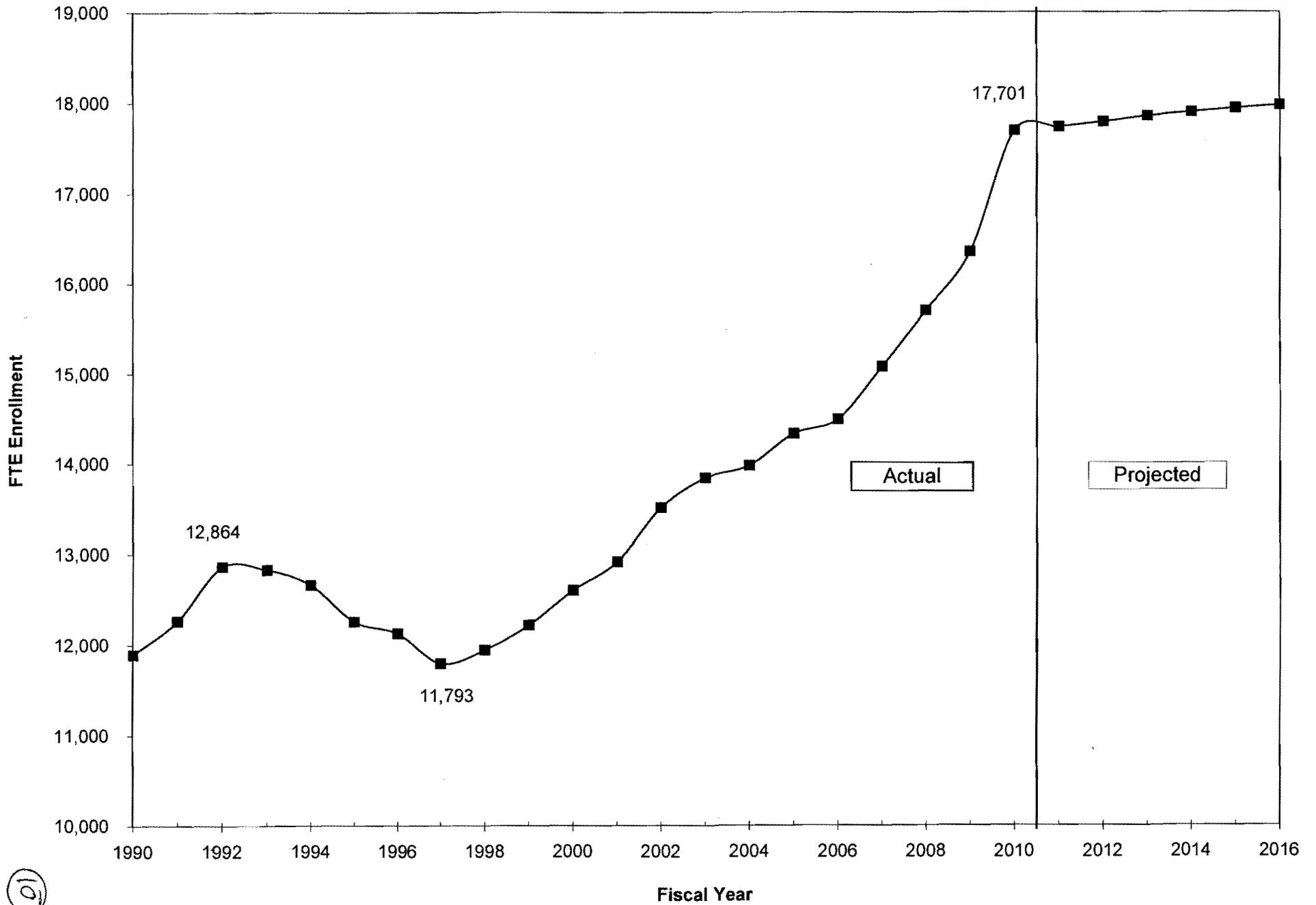
FY	Credit hours	FTE	% change	Positions	FTE/Pos
1990	356,820	11,894			
1991	367,969	12,266	3.1%		
1992	385,928	12,864	4.9%		
1993	384,945	12,832	-0.3%		
1994	379,854	12,662	-1.3%		
1995	367,733	12,258	-3.2%		
1996	363,751	12,125	-1.1%		
1997	353,797	11,793	-2.7%	1,100	10.7
1998	358,312	11,944	1.3%	1,110	10.8
1999	366,518	12,217	2.3%	1,157	10.6
2000	378,051	12,602	3.1%	1,256	10.0
2001	387,443	12,915	2.5%	1,334	9.7
2002	405,309	13,510	4.6%	1,363	9.9
2003	415,189	13,840	2.4%	1,396	9.9
2004	419,374	13,979	1.0%	1,443	9.7
2005	429,962	14,332	2.5%	1,474	9.7
2006	434,806	14,494	1.1%	1,519	9.5
2007	452,322	15,077	4.0%	1,589	9.5
2008	471,006	15,700	4.1%	1,653	9.5
2009	490,534	16,351	4.1%	1,720	9.5
2010	531,039	17,701	8.3%	1,710	10.4
2011	532,247	17,742	0.2%	1,711	10.4
2012	533,959	17,799	0.3%	1,711	10.4
2013	535,781	17,859	0.3%		
2014	537,092	17,903	0.2%		
2015	538,321	17,944	0.2%		
2016	539,425	17,981	0.2%		

FY97-FY10:	
Amount increase	5,908
Average % increase	3.2%

FY10-FY16:	
Amount increase	280
Average % increase	0.3%

Montgomery College					
Office of Budget					
BUDGET vs ACTUAL Annual Enrollment					
March 4, 2011					
<b>FY</b>	<b>BUDGET</b>	<b>% change</b>	<b>ACTUAL</b>	<b>% change</b>	<b>Budget - Actual</b>
2001	400,009		387,443		12,566
2002	395,887	-1.0%	405,309	4.6%	(9,422)
2003	419,535	6.0%	415,189	2.4%	4,346
2004	426,078	1.6%	419,374	1.0%	6,704
2005	427,201	0.3%	429,962	2.5%	(2,761)
2006	440,194	3.0%	434,806	1.1%	5,388
2007	453,490	3.0%	452,322	4.0%	1,168
2008	467,378	3.1%	471,006	4.1%	(3,628)
2009	497,341	6.4%	490,534	4.1%	6,807
2010	498,842	0.3%	531,039	8.3%	(32,197)
2011	535,176	7.3%	532,247	0.2%	2,929
(FY2011 Actual is an estimate)					
2012	533,959	-0.2%			

# MONTGOMERY COLLEGE FTE ENROLLMENT (Current Fund)



19

**Montgomery College Budget Changes  
FY12**

(000s)

Additions:	
OPEB	1,000
Rockville Science Center - annualized cost	3,285
Addback for furloughs - includes FICA	2,865
Risk Management	286
BOT grants	96
Other, net	293
subtotal additions	7,825
Reductions:	
Compensation - includes reducing 14 positions and benefits	(1,952)
Supplies - includes instructional, maintenance, and office supplies	(274)
Conferences and Meetings - includes professional development, memberships, and recruiting	(312)
Communications	(60)
Contracted services - includes legal fees, printing and advertising, mtc contracts, general contracted services, software and leased data lines	(1,945)
Furniture and equipment - includes capitalized computer and instructional F&E	(197)
subtotal reductions	(4,740)
Total increase	3,085



Office of the President

February 14, 2011

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

and

The Honorable Valerie Ervin, President  
Montgomery County Council

and

Members of the Montgomery County Council  
Stella B. Werner Council Office Building  
100 Maryland Avenue  
Rockville, Maryland 20850

Dear Mr. Leggett, Ms. Ervin, and  
Members of the Montgomery County Council:

The Board of Trustees of Montgomery College respectfully submits for your consideration the Adopted College Operating Budget for FY 2012. The College understands the fiscal challenges that continue to face the county. At the same time, the College plays a crucial role in providing the training and education needed to ensure our county remains a leader in the innovation economy. This budget holds the line on spending, while recognizing that a strong Montgomery College is essential to preparing the skilled workforce so necessary to a thriving local economy.

We have worked closely with our employee organizations, staff and faculty to identify a number of short- and long-term cost savings strategies. Additionally, the College will continue to seek permanent reductions in its operations. The budget we are requesting is one that is fiscally responsible, uses resources wisely, operates efficiently and continues to meet the education and training needs of Montgomery County residents and employers. This budget does not rely on any additional local support; we ask the same county funding as provided in FY 11. Our summer fiscal projection originally showed an \$8 million gap in our FY 12 budget. We closed that gap through a combination of reductions, capital project delays, reallocation of resources, and the use of savings plans. The specifics of our request are as follows:

The Honorable Isiah Leggett  
The Honorable Valerie Ervin  
Members of the Montgomery County Council  
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## **ENROLLMENT**

Enrollment in credit programs at the College in the fall of 2010 declined slightly, by 132 students, from our record high fall 2009 enrollment of 26,147. This year's class of 26,115 is an increase of 17 percent from the fall 2005 student headcount. And, because an increasing number of these students are younger and attend Montgomery College full-time, our credit hours of enrollment have increased by an even larger 21 percent since the fall of 2005. Enrollment projections for FY 12 are projected to increase slightly from our actual FY 10 credit hours and our revised FY2011 projection.

The major factors driving increases in recent years are: 1) the growth in the number of high school graduates in the county who choose to attend Montgomery College; 2) the enrollment limitations at the University of Maryland College Park and other public four-year colleges and universities in the State; and 3) Montgomery College's quality, affordability, proximity, and proven track record in preparing students for careers and transfers to four-year institutions. A fourth factor – for which we remain grateful – is the county's continued commitment to the College's facilities, faculty, staff, and programs. The county's investments in our facilities and, in particular, our Takoma Park/Silver Spring (TP/SS) Campus expansion, have led to dramatically higher enrollments. Since fall 2005, TP/SS enrollment has grown by more than 27 percent and credit enrollment hours are up by more than 31 percent.

Clearly, these investments dramatically enhance the College's ability to serve our community. They enable us to expand access to postsecondary education, particularly for students who would otherwise be much less likely to attend college. College attendance rates for Hispanic and African-American high school graduates are traditionally lower than for other groups, but at Montgomery College, their attendance rates are increasing.

We would add that our Workforce Development and Continuing Education enrollments continue to number around 49,000 annually; students are enrolled in programs as varied as green technology certification, early childhood education and continuing education coursework for realtors. Both our credit and noncredit programs share a commitment to building a skilled workforce.

## **REVENUE**

This budget assumes state and county aid at the same level as FY 2011 and also includes a \$3/\$6/\$9 credit hour increase in tuition (in-county, in-state, out-of-state). With these proposed increases, the average full-time student will pay almost \$4,400 annually. (It should be noted that the tuition increases are not final until the Board of Trustees officially acts on tuition rates in April.) Tuition and related fees are expected to generate \$82 million, an increase of 5 percent, which will generate \$3.9 million in additional revenue and are the primary source of funding for

The Honorable Isiah Leggett  
The Honorable Valerie Ervin  
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February 14, 2011  
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our budget request. For our students, the in-county and in-state tuition rates are less than a 3 percent increase over last year.

We are also using fund balance as follows: \$535,395 from our FY 10 Budget Savings Program, \$490,260 from the FY 2011 Budget Savings Program, \$4 million regular use of fund balance per the Budget guidelines agreement, plus an additional \$1 million the College will save to help fund some modest increases. The College is also using \$1 million from Workforce Development and Continuing Education as a revenue source in the Current Fund.

As noted, this proposed budget does not request any additional local support over last year. Resources were reallocated to areas of the greatest need so that no new county funds would be requested; expenditures and capital projects were delayed to achieve a balanced budget.

### **EXPENDITURE REQUEST**

We developed the Current fund budget with these priorities in mind: ensuring access to higher education by keeping Montgomery College affordable; working to improve college completion rates; protecting our employees and meeting our benefit cost increases; improving accountability; and continued funding for committed projects. The resulting proposed budget of \$218 million results in only a 1.4 percent increase from FY 2011, and is a significant reduction from the summer estimate. Key elements of this budget include:

#### **Compensation for our Employees**

- This budget does not include any COLAs or merit increases for our employees. We will need to revisit this issue should any county agency employee organization receive an increase.
- Benefits include funds for postretirement benefits in the amount of \$1 million. The rest of the increase is primarily driven by group insurance and retirement costs. Benefit increases total \$2.5 million.

#### **Support for our Students**

- This budget includes an additional \$96,000 in financial aid. Current federal and state financial aid is insufficient to serve our students. The College did not have sufficient institutional grant money to fund all of the students who qualified for assistance in 2009-2010. In fact, 10,645 students with demonstrated financial need qualified for institutional grant funds in academic year 2009-2010, but received no grant aid due to a lack of funds. Of this group, 3,985 students did not enroll at Montgomery College during the fall 2009 semester.

The Honorable Isiah Leggett  
The Honorable Valerie Ervin  
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**Support for the Rockville Science Center**

- The Rockville Science Center will be complete by summer 2011. The Science Center, a 140,700 gross square foot facility, will house the Chemistry, Biology, Geology, Astronomy, Physics, and Engineering departments. Last fiscal year, one-quarter of the costs were included in the budget. The College is absorbing the remaining costs of operating a new facility through reallocation of existing resources and the elimination of positions. (Operating cost for ¾ of the year is \$3.2 million.)

**OTHER FUNDS**

**Emergency Plant Maintenance and Repair Fund**

The Emergency Plant Maintenance and Repair Fund (EPMRF) is a Spending Affordability Fund. We are requesting an appropriation of \$350,000 and county funding equal to last year's amount of \$250,000. This funding is crucial for supporting our emergency maintenance needs.

**Workforce Development and Continuing Education (WDCE)**

The appropriation request fund is \$16.1 million. WDCE is an enterprise fund and continues to be productive. This fund will support the current fund with the transfer of \$1 million to help fund essential priorities. No county funds are requested.

**Auxiliary Enterprises**

The appropriation request for this fund is \$6.5 million which is equivalent to the FY2011 funding level. This fund is an enterprise fund and no county funding is requested.

**50<sup>th</sup> Anniversary Endowment Fund**

The College is requesting appropriation authority of \$250,000 and no county contribution is requested.

**Grants**

The College is requesting appropriation authority in the amount of \$21.4 million. Of this amount, \$400,000 is requested in county funds for the Adult ESL/ABE/GED program, which is the same amount as FY 2011.

**Transportation Fund**

This fund is comprised of user fees from our students, employees, certain contractors and parking enforcement revenue. Revenue will be used to pay for lease costs related to the Takoma Park/Silver Spring West Parking Garage, which opened January 2010. Through this fund, the College also pays the county for the free Ride-On bus service offered to our students. The appropriation request is \$2.5 million.

The Honorable Isiah Leggett  
The Honorable Valerie Ervin  
Members of the Montgomery County Council  
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**Major Facilities Reserve Fund**

The College is requesting appropriation authority in the amount of \$2.4 million for lease payments to the Foundation for the Morris and Gwendolyn Cafritz Foundation Arts Center. This fund is entirely comprised of user fees, and no county funds are requested.

**Cable Fund**

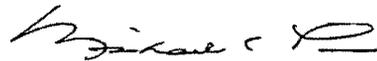
The amount requested is \$1,391,230 and is funded through the County Cable Plan.

**CONCLUSION**

In summary, the Montgomery College budget for FY 2012 requests appropriation authority as follows: \$218 million for the Current Operating Fund, with \$98.1 million in county funds; \$350,000 for the Emergency Plant Maintenance and Repair fund, of which \$250,000 are county funds; \$21,433,000 for federal, state and private grants and contracts, of which \$400,000 are county funds for the Adult ESL program; \$1,391,230 for Cable TV; \$25,087,756 for self-supporting funds of WDCE, Auxiliary Enterprises and the Transportation Fund; \$2.4 million for the Major Facilities Reserve Fund; and \$250,000 for the 50<sup>th</sup> Anniversary Endowment Fund. Again, there are no new county dollars requested in our budget.

The Board of Trustees respectfully requests total appropriation authority of \$269 million. We appreciate your careful review and consideration of this budget request. We know that education remains a top priority for county officials; we also realize it will be another difficult budget year for all county-funded agencies. We look forward to working closely with you to ensure that the higher education and training needs of our county's residents and businesses are as fully realized as possible. We thank you again for your continued support of Montgomery College and our students.

Sincerely yours,



Michael C. Lin, Ph.D.  
Chair, Board of Trustees



DeRionne P. Pollard, Ph.D.  
President

MCL/DP:dd

**Date:** March 15, 2011

**Media Contact:** Marcus Rosano, 240-567-4022 (office), 301-525-5283 (cell);

**Montgomery College President Reacts to Release of County Executive's  
FY12 Operating Budget**

*Proposal Calls for \$7.4 Million Reduction in County Funding to College Budget*

In response to today's release of the Montgomery County Executive's fiscal year 2012 recommended operating budget, Dr. DeRionne Pollard, president of Montgomery College, issued the following statement:

*"Montgomery College recognizes the fiscal challenges of Montgomery County and the difficult task that the Montgomery County Executive faced in developing a budget for fiscal year 2012; however, the proposed reduction of \$7.4 million in county funding is of serious and significant concern—with long-term impact—as it comes at a time when Montgomery County needs its community college more than ever before. Montgomery College educates and trains the workforce necessary to rebuilding a thriving local economy.*

*In building our request for level funding from the county, Montgomery College planned for no salary or merit increases for our faculty and staff. Additionally, there is a pending tuition increase for students of \$3/6/9 per credit hour. The College also made more reductions, implemented cost saving, and reallocated resources to close the projected \$8 million gap for FY12 without additional resources from the county.*

*The County Executive's proposed reduction—which amounts to 7.6 percent less in county funding than fiscal year 2011—comes on top of the reductions Montgomery College already made. As a result of the 2011 reductions, Montgomery College instituted a tuition increase, which was greater than planned, and our employees are taking up to eight furlough days and did not receive salary increases.*

*Montgomery College requested level funding from the county for fiscal year 2012 with these priorities in mind: ensuring access to higher education by keeping Montgomery College affordable, working to improve college completion rates, and continuing funding for committed projects. We sought to be a partner with Montgomery County, balancing affordability with responsiveness to the taxpayer.*

*Montgomery College appreciates the challenges that the Montgomery County Executive faced in his efforts to fund our FY12 operating budget request. We will now work with the Montgomery County Council during its budget deliberations to ensure that Montgomery College educates the workforce of today and tomorrow."*

###

**Montgomery College Board of Trustees Testimony**

**Montgomery College's FY 2012 Operating Budget Request**

**April 5, 2011**

Good evening, Council President Ervin and members of the County Council. My name is Michael Lin and I am the chair of the Board of Trustees of Montgomery College. I am joined by Dr. Pollard and many members of the College community.

The College greatly appreciates your support. Clearly, you remain committed to an affordable, high quality college education for our residents.

In view of the difficult economic conditions, the College requested flat funding from the county for FY2012—the same amount we received last year. We did not seek any increase because we wanted to be responsible to our students and to the taxpayers. This despite the fact that last year's county funding was 8 percent lower than FY2010. In the current fiscal year, our employees are taking up to 8 furlough days; we instituted budget cuts and a substantial tuition hike for our students.

However, the county's proposed budget reduces county funding to the College by \$7.4 million. We ask you to consider restoring \$4.6 million.

The College plays a major role in the county's economic development and job growth. As a community college, we can step up quickly to educate and train the workforce necessary to rebuild a thriving local economy. It is critical that we have adequate resources to continue to put people back to work.

In building our FY2012 budget, we had an \$8 million gap to fill, as a result of increasing costs of benefits, opening the Rockville Science Center, and covering the savings from furlough days. To close this gap without asking for new county dollars, we delayed the opening of the bioscience building at the Germantown Campus. While protecting the classroom, we eliminated 14 positions and cut \$4.7 million in funds across the College. Unfortunately, we had to reduce the hours for tutoring services, advising, the writing center, and the library. These support services have never been more crucial to student success, given state and national directives to increase college completion.

There are no salary increases in our proposed budget. We managed the benefit plans to reduce cost increases. Our students continue to do their part to support the College. The Board's budget again includes an increase in tuition and fees, while students' need for financial aid is increasing. We thank our faculty, staff, and students for contributing more than their share, so that the Board did not have to ask for any new funds from the county.

That is why we are disheartened by the proposed cut of \$7.4 million. We ask you to consider restoring \$4.6 million in county funds.

We need your support to ensure affordability and help our students complete their college education. Thank you.



Office of the President

April 14, 2011

The Honorable Valerie Ervin  
President  
Montgomery County Council  
100 Maryland Avenue  
Rockville, Maryland 20850

Dear Council President Ervin:

On behalf of the Board of Trustees and the entire college community, we thank the Council again for your support of Montgomery College. That support was evidenced by the \$4.4 million in county funds you restored to our budget last year.

As you know, it is imperative that higher education remain an attainable dream for the county's residents; from the newest high school graduate to the many returning adult students. And, we know a high school diploma is rarely enough to succeed in an economy that depends on a middle and high-skilled workforce - the future nurses, scientists and engineers who enroll each year at Montgomery College. As Susan Bateson of HGS noted in her testimony "The College is essential to the economic well-being of Montgomery County."

This year, mindful of the fiscal situation, our Board of Trustees requested level funding from the county, in the amount of \$98.1 million--the same amount the College received in FY11. Unfortunately, the County Executive's FY12 recommended budget reduces our county funding again. The County Executive's recommended county funding for the College in FY12 is *\$90.6 million, a cut of \$7.4 million from FY11*. Combined with last year's final reduction, this recommendation would amount to a two-year cut of \$15.9 million in county support (a loss of 15%).

Given these circumstances, we ask you to restore \$4.6 million in county funds to the College's budget--still leaving us with \$2.8 million less in county funding from FY11 levels.

In crafting the budget for FY 12, we worked to be responsible to taxpayers and our students. The Board of Trustees and I felt strongly that we should not ask for any new county funds in the FY12 budget, despite last year's reductions of \$3.6 million in state aid and \$8 million in county funds.

The Honorable Valerie Ervin and  
Members of the Education Committee  
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As a result of those FY11 reductions, our employees took up to 8 furlough days (none of which were instructional days for the faculty). We also instituted budget cuts and a substantial tuition hike for our students.

We have been good stewards of public resources. Currently, our employees pay the greatest contribution share in the county towards their health plans. We manage our benefit plans to lessen cost increases. We recently revised retiree benefits for future employees to lessen the long-term impact of those costs as well. Many of our employees will be impacted by changes to the state teacher's pension plan—and College employees do not receive a local supplement to the teachers' pension plan. And we have continued frugal spending patterns, including a soft hiring freeze, limited travel and professional development, deferral of major purchases and limited general spending.

In building our FY 12 budget, we solved our own fiscal challenges. We had an \$8 million gap to fill as a result of benefit increases, opening the Rockville Science Center, and covering the savings from furlough days. To close that gap without asking for new county dollars, we delayed the opening of the Bioscience building at the Germantown campus. While protecting the classroom, we eliminated 14 positions and cut \$4.7 million in funds across the college. We took responsible steps to save money and used some of those funds to help balance the budget. Unfortunately, we had to reduce the hours for tutoring services, advising, the writing center, and the library. These support services have never been more crucial to student success, given state and national directives to increase college completion.

There are also no salary increases in the FY12 budget, which follows a year in which our employees took up to 8 days of furloughs. Our administrators have not seen a pay raise since 2008; our faculty and staff since 2009.

Our students continue to do their part to support the College. The Board's budget includes an increase in tuition and fees. Last year, nearly 15,000 MC students were on financial aid. That's up 75% in the last five years. We've seen a 22% increase in financial aid applications in the current academic year. Our students feel every \$1 increase in tuition.

Our faculty, staff and students made real contributions to addressing the fiscal challenge. The Board of Trustees and I appreciate their sacrifices. In turn, we made responsible reductions that protected the classroom. We worked hard in Annapolis to obtain level funding from the state. And finally, the College managed our resources wisely and made prudent use of fund balance to stave off additional budget cuts and to eliminate the need to seek new county dollars. As a result, we are disheartened by the cut of \$7.4 million in county funds, and ask that you restore \$4.6 million.

The County Executive has recommended that the College offset most of the county reduction of \$7.4 million with an additional use of \$5.8 million in fund balance, still leaving the College \$1.6 million short in the needed appropriation to fully fund the budget proposed by our Board of Trustees.

The Honorable Valerie Ervin and  
Members of the Education Committee  
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The use of a total of \$11.8<sup>1</sup> million in one-time funds to balance the budget is fiscally imprudent. Using one-time funds also penalizes the College for frugal spending and careful savings plans, as it cuts the necessary county resources that ensure the long term fiscal health and operations of the College.

Relying on \$11.8 million in one-time monies to support FY12 on-going operating budget expenditures creates a major gap in our FY13 budget. If we use most of our fund balance in FY12, we would need the County to give us a substantial county increase in FY13 or suffer another round of serious reductions. This is complicated further because we have already eliminated positions and have reduced our budget significantly over two years, so savings will be more difficult to accrue.

We understand that full restoration of the \$7.4m in county funding may not be possible for FY 12, given the county's fiscal situation. If so, we suggest the County Council restore \$4.6m in county funding, and that the College use another \$2.8 million in one-time fund balance resources instead of the \$5.8m proposed by the County Executive. This solution allows us to close the budget gap, mitigating the need for further reductions or additional tuition hikes. We respectfully ask the County Council to restore \$4.6 million in funding for these essential categories, as outlined on Attachment A.

In an economy like this one where expansion of our tax base is essential, the need for an educated workforce has never been more important. We already enroll more than 1,100 students in our engineering transfer program--students like Corey Golladay, a 37 year-old father who got a second shot at his dream of becoming an engineer because of Montgomery College. There's also David Myers from Silver Spring, who said Montgomery College changed him from someone who "barely managed to graduate" into a successful Macklin Business Institute honors student, a Renaissance Scholar, vice president of the Student Senate, and, in May, a college graduate.

We need to graduate many more such students. President Obama has challenged community colleges to produce an additional 5 million graduates in the next 10 years. Gov. Martin O'Malley has established a goal of 55 percent of Marylanders with a degree by the year 2020. Maryland's community colleges have stepped up to the task, pledging to increase the number of degrees awarded by 66 percent over the next 15 years.

We all know that the benefits of a degree are immeasurable. The most reliable way for a family to break the cycle of poverty is for one family member to get a college degree. Studies show that going to college has both personal and public benefits, including higher salaries, improved health, increased volunteerism, and reduced reliance on welfare and other social support programs.

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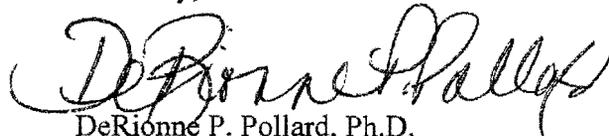
<sup>1</sup> The College had already proposed using \$6 million in fund balance; the County Executive's additional use of \$5.8 million in fund balance brings the total to \$11.8 million.

The Honorable Valerie Ervin and  
Members of the Education Committee  
April 14, 2011  
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It is for those reasons--and for students like Corey and David, who testified before you last week--that the College seeks your support for additional funds. We empathize with the hard choices this Council faces. We also know that our county and its residents can only benefit by offering affordable, quality higher education. After all, an educated, employable workforce is one of the greatest natural resources our county can hope to have.

Thank you for your consideration.

Sincerely,

A handwritten signature in cursive script, appearing to read "DeRionne P. Pollard".

DeRionne P. Pollard, Ph.D.  
President

Attachment A

**Attachment A**  
**Montgomery College Non-recommended Reduction List**  
**Board of Trustees Adopted FY 2012 Budget**  
**April, 2011**

**Restore a total of \$4.6m in county funding.**

The list below is in priority order with greatest needs listed first.

**Restore \$1.6m in county funds to ensure full requested appropriation.**

**Restore county funds \$1.6m to operate the new Rockville Science Center.**

Last year the Council restored funds to open the Rockville Science Center on time for fall 2011 classes. This reduction would delay the hiring of staff needed to operate and maintain this recently completed lab facility--a key to modernizing of our instructional facilities for STEM programs which are vital in meeting state and local workforce needs and the achievement of completion goals.

**Restore \$3m in county funds to offset a portion of the County Executive's proposed use of fund balance.**

**Restore \$ 1.5m funds for academic programs and student services.**

*Some examples of specific reductions may include but are not limited to:*

- Reduce PreK-20 initiatives and college readiness efforts: Examples include reductions in high school assessment testing in eleventh grade, an initiative that helps students identify needs for remediation while there is still time to address those needs during high school completion. Such interventions potentially reduce the numbers of students entering Montgomery College at the developmental course level in math, English, and/or reading.
- Reduce partnership activities with MCPS, such as the College Institute and Gateway to College which are designed to provide seamless transition from secondary to higher education.
- Reduce support for labs like the medical learning center at TP/SS, which could impact ultimate student success in national registry examinations required for

professional practice after graduation – examinations where the average pass rate ranges from 89% to 100%, depending on the discipline.

- Reduce Montgomery College honors programs including Montgomery Scholars and the Renaissance Scholars (part-time honors program).
- Further reduce access to open computing labs.
- Further reduce key student support areas operations, such as the Offices of Student Financial Aid and Admissions and Enrollment Management. These reductions would result in fewer face-to-face services for students, many of whom are first generation college students who are unfamiliar with college processes. Financial aid requests are up significantly this year.
- Further reduce operating hours in the campus academic support. These services are designed in part to close the achievement gap and to provide needed support, particularly in reading, English, and math, with the latter being the biggest barrier to college graduation. Such services will be crucial to the achieving completion agenda goals.

**4) Restore \$1.5m to Institutional Support functions.**

- Further reduce service levels in information technology, human resources, facilities, advancement and other administrative support operations which provide critical support to academic programs and student services. Staffing and expenditure levels in these areas have already been reduced significantly in an effort to protect the classroom. Further reductions would erode the College's ability to serve its students.

**Total all reductions - \$4,584,870**

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