

MEMORANDUM

April 16, 2012

TO: Education Committee
FROM: Justina Ferber, Legislative Analyst
SUBJECT: Worksession: FY13 operating budget for Montgomery College

The following individuals may attend:

Board Chair Stephen Kaufman
Dr. DeRionne P. Pollard, President
Cathy Jones, Senior Vice-President for Administrative and Fiscal Services
Donna Dimon, Vice President, Budget and Fiscal Analysis
Angela Dizelos and Mr. Bruce Meier, OMB

Montgomery College provides postsecondary educational programs on three campuses in the County - Germantown, Rockville, and Takoma Park. At 27,000 students in the fall of 2011, the College now enrolls the largest undergraduate student body in the State of Maryland, surpassing the University of Maryland, College Park. The College served a total of 37,391 credit students over the course of FY11. Workforce Development and Continuing Education served another 23,624 students in FY11.

Operating budget

The College's budget was adopted by the Board of Trustee in February and distributed to the Council and Executive. The Executive recommends 100% funding of the College's tax supported request. The Executive's Recommended FY13 Operating budget includes the College starting on ©1. The total recommended FY13 Operating Budget for Montgomery College is \$267.5 million, a decrease of \$0.5 million or 0.2 percent from the FY12 approved budget of \$268.0 million.

<u>Fiscal Year</u>	<u>Tax Supported*</u>	<u>Grant Supported*</u>	<u>Self Supported*</u>	<u>Total*</u>
FY 12 Approved	218.0	21.0	29.0	268.0
FY 13 Recommended	218.4	20.2	28.9	267.5
% Change FY12 to FY13	0.2%	-4.1%	-0.2%	-0.2%

*\$ in millions

The Executive recommends approval of the College's budget as submitted. Council staff also recommends approval of the Montgomery College operating budget for FY13.

Budget Request - Operating Fund and Other Funds:

Operating Fund

- \$218.4 million Tax-supported funds budget - Is a 0.2% change over FY12. The funding consists of Spending Affordability funds including: 1) the Current Fund*; 2) tax-supported grants - Adult Education and Literacy Program Grant for \$400,000; and 3) the Emergency Plant Maintenance and Repair Fund for \$350,000.
- \$22.5 million Enterprise Funds budget - Is less than 1% from FY12. Includes: 1) Workforce Development and Continuing Education which provides noncredit training and off-campus credit courses for residents, employees, and employers for \$16.1 million including State Aid of \$5.7 million; and 2) Auxiliary Enterprises for \$6.4 million which is supported by revenue earned from food services, bookstores, Parilla Performing Arts Center, summer dinner theater, child care services for students, faculty and staff, etc.
- \$1,244,850 Cable TV budget - Is a 1.2% increase over FY12 for the College's channel on the County's cable system. This number changed from the Executive's original budget. *(This fund request will be reviewed by the GO Committee.)*
- \$20.2 million Nontax-supported grants - Includes grants and contracts received by the College from all sources.

Other Funds

- \$263,000 50th Anniversary Endowment Fund budget – Established in 1995 in honor of the College's 50th Anniversary for scholarships and faculty chairs. In 2004, the use of the fund was expanded 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." The College is requesting \$263,000 to plan for the Life Sciences Park at the Germantown Campus. See ©20
- \$2.5 million Transportation Fund budget – Revenues received from a charge to students and employees. The current transportation fee is \$4 per credit hour and \$96 per year for full-time employees. The fund pays for a portion of the Ride-On bus service and for debt service on parking garage bonds related to the Takoma Park/Silver Spring West Parking Garage.
- \$2.4 million Major Facilities Reserve Fund – Is funded entirely from student fees, currently \$5 per credit hour. For FY13, 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".

\$267.5 million TOTAL – Montgomery College FY13 Operating Budget

*Current Fund =	\$85,462,717	Tuition
	\$1,600,435	Student Fees
	\$94,368,755	County Contribution
	\$30,209,281	State Aid
	\$300,000	Grants
	\$1,000,000	Other Revenues (future grants not yet received)
	\$4,695,411	Use of Fund Balance
	\$217,636,599	Current Fund Revenue Summary

Expenditures (000s)	Salaries & Benefits	\$173,786	79.9%	
	Contracted Services	22,210	10.2%	
	Supplies & Materials	5,328	2.4%	
	Communications	2,206	1.0%	
	Conferences & Meetings	1,676	0.8%	
	BOT Grants	3,491	1.6%	
	Utilities	6,541	3.0%	
	Fixed Charges	1,078	0.5%	
	Replacement Furniture/Equip	233	0.1%	
	<u>Additional Furniture/Equip</u>	<u>1,088</u>	<u>0.5%</u>	
	Total Expenditures	\$217,637		000s

The chart on ©21 shows changes in expenditures by expense from FY12 to FY13.

Expenditures by Program

Program - FY13 Budget	\$Expenditure	% of Total FY13	% of Total FY12
Instruction	\$85,372,632	39.23%	39.03%
Academic Support	\$25,814,034	11.86%	12.16%
Student Services	\$28,230,490	12.97%	12.59%
Operation and Maintenance	\$31,810,764	14.62%	15.24%
Institutional Support	\$42,918,179	19.72%	19.42%
Scholarships/Fellowships	\$3,490,500	1.60%	1.56%
TOTAL	\$217,636,599	100%	100%

Program Descriptions:

Instruction: This category includes all activities that are directly related to the College's instructional program, such as all full-time and part-time faculty salaries and related benefits, assigned time directly related to instruction (department chair, program coordinator, tutoring and overload), instructional supplies, department chair supplies, instructional assistants and technology in the classroom. This category also includes Workforce Development & Continuing Education.

Academic Support: This category includes academic operations in support of educational programs, such as the provosts' offices, all deans' expenses, faculty professional development, information technology in support of the instructional program, the Center for Teaching and Learning, faculty assigned time (governance, instructional improvement, scholarly effort), and library and learning resources.

Student Services: This category provides for the wide range of student-oriented programs and services. Included in this category are Offices of Enrollment Management and Admissions, Records and Registration, Student Financial Aid, Student Life, Student Development, marketing and printing for students, Information Technology that supports Student Services Offices, assessment center, counselors and counselor professional development. This category also includes Auxiliary Services, which consists of goods or services to students, faculty or staff and are managed as self-supporting activities. The Auxiliary Services category includes food services, child care, bookstores, and facilities rental.

Operations and Maintenance: This category provides for a safe, comfortable, and functional environment in support of the College community. The major area included in this category is facilities, which provides a wide range of services including the central plants (boiler rooms and chillers), utilities, building maintenance (mechanical, electrical, trades and crafts), landscaping and grounds, facilities rental, and housekeeping.

Institutional Support: This category includes all units that perform the administrative and fiscal services of the College. Included in this category are the Offices of the President, Board of Trustees, and Senior Vice Presidents, as well as Budget, Business Services, Equity and Diversity, General Counsel, Human Resources, Information Technology, Institutional Advancement, Institutional Research and Analysis, Planning and Institutional Effectiveness, Procurement, and Safety and Security.

Scholarships and Fellowships: This category includes Board of Trustee grants, College Institute, the Gateway to College program, and Renaissance and Scholars programs.

Budget Highlights

- **The College requests the same amount of county funding as appropriated last year; for FY13 the request for County funding is \$94,368,755.**
- **State Aid is unknown at this time. (State aid in the proposed budget would have increased for the first time in 3 years for a total \$30,209,281 in aid for FY13. In the Doomsday budget, community college operating aid is reduced by 10 percent.)**
- **Maintenance of Effort is preserved.**
- **Tuition will increase \$2 per semester hour, from \$110 to \$112, for County residents; \$4 per semester hour increase for State residents to \$229; and \$6 per semester hour increase for out-of-state residents to \$314.**
- **Enrollment is projected to increase to 18,293 full-time equivalent (FTE) students in credit programs or by 1.4 percent; its highest level ever.**
- **No new staffing positions are requested and no COLA or step increases are included in the budget. (Agreements with County and MCPS unions may trigger re-opener language in College employee group contracts.)**
- **The College is offering a retirement buyout – the Voluntary Employee Retirement Program (VERP).**

Spending Affordability - No additional tax supported funds requested: The College does not request an increase in tax supported county funds for FY13 and no COLA or step increases are included in the budget. The Board has indicated it will need to revisit this issue if other agencies approve such increases. (College employees received a lump sum in FY12 and will forego salary increases for FY13.) The College has requested \$132.9 million which is \$4.6 million or 3.3 percent below the Spending Affordability Guidelines. The County Executive recommends the Board's request, an appropriation of \$132.9 million (net of tuition) for the tax supported funds.

The College closed an operating budget gap of almost \$5 million with a modest tuition increase, use of fund balance yielded from previous years austerity measures, savings from the restructuring of health benefits, and meeting increased enrollment needs with part-time rather than full-time staff. A summary of the College proposed operating budget is at ©22-23. The College had a \$12 million reduction in County funds in the last two years, an 11.4% reduction in County support.

State Aid: State aid increased in Governor O'Malley's budget by \$945,310. State aid is allocated between the Current Fund and Workforce Development & Continuing Education based on the numbers of FTEs earned which resulted in an increase to the current fund of \$420,653. Total formula state aid has dropped \$3.6 million over a three-year period (FY10-FY12). This FY13 increase is considerably less than the amount that would have been available had the governor used the John A. Cade funding formula for community colleges to determine state aid. The Budget Reconciliation and Financing Act of 2012 eliminates Cade for the next five years and substitutes an alternative funding methodology that will constrain state aid. Additionally, the governor did not increase the English for Speakers of Other Languages (ESOL) grant over last year's amount. In the Doomsday budget community college operating aid is reduced by 10 percent. If a state budget is adopted, State Aid could be a different amount than the \$30,209,281 originally proposed by the Governor.

Maintenance of Effort: MOE for the College requires the same total County contribution for the Current Fund in FY13 as in FY12 (not the same per pupil), which was \$94.4 million in FY12. For FY13, the College requested the same \$94.4 million in funding. If the County does not maintain funding, then the State is not obligated to give the College any increase in State aid from the previous year. If the State does not increase its aid, then there is no penalty for not maintaining effort.

Support for MC students:

- Faculty funding: Increased student credit hours necessitate additional faculty in the classroom. Due to funding limitations the College is not requesting new full-time faculty; part-time faculty salaries will add \$800,000 based on the increase in credit hours.
- Financial Aid: The College request includes \$93,000 to increase 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 fall 2011. In fact, 4,000 students did not enroll at Montgomery College in fall 2011 after qualifying for, but failing to receive, grant aid due to a lack of funds.
- Ride-On Supplement: The College request includes \$620,000 to help make the payment to the county for the Ride-On service to our students. This represents the amount of the increase in charges from Ride-On since FY11. The transportation fund would be in a deficit situation if the entire \$1,258,000 due Ride-On were charged to this fund.

Tuition and fees: The College's FY13 budget assumes that the Board will increase tuition per credit hour in April by \$2 from \$110 to \$112 for Montgomery County residents and \$4 per semester hour for State residents to \$229 who are not residents of Montgomery County, and \$6 for out-of-state residents to \$314. This is an increase of 1.8 percent for students who reside in the county or recently graduated from Montgomery County Public Schools. With these proposed increases, the average full-time student will pay almost \$4,452 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 \$87 million, an increase of 6.2 percent.

Tuition and fees from students will represent 40 percent of total resources in the FY13 budget, up from 36 percent just two years ago. Most fees will remain the same except the consolidated fee which is 20% of tuition or a minimum of \$50. See the chart on tuition and fee rates over 20 years at ©24. A chart showing cost per student is at ©25.

Enrollment: Enrollment is projected by the College to increase in FY13 to its highest level ever at 18,293 full-time equivalent (FTE) students in credit programs. An FTE student for one year is calculated as the total number of credit hours divided by 30. The College projects a 1.4 percent increase in FY13 in FTE student enrollment. The College's projections assume approval of the proposed renovation and construction schedule in the Capital Improvements Program. A table of enrollment projections is on ©26 followed by a chart of enrollment by segment at ©27.

Last fall, the College experienced a record high in both credit hours and enrollment, with nearly 27,000 students in the credit program. Because an increasing number of these students are younger and attending full time, our credit hours of enrollment have increased dramatically by 39 percent (more than 69,000 credit hours). Since last fall, the student headcount is up 3.8 percent and hours of enrollment are up 2.5 percent. Younger students are more likely to enroll full-time than older students, and full-time students have higher return rates-factors that support our enrollment projections for continued growth over the next several years.

The major factors driving enrollment increases have been: (1) the fluctuating, but overall growth in the number of high school graduates in the county; (2) the enrollment limitations and overall affordability of costs associated with four-year institutions, particularly at the University of Maryland, College Park and other public four-year colleges and universities in the state; (3) Montgomery College's quality, affordability, proximity, and track record in preparing students for careers and transfers to four-year institutions; and (4) expanded distance education (increased by 10.7% in fall 2011) and other alternative instructional delivery formats by the College.

Since the fall of 2000, enrollment at the Takoma Park/Silver Spring Campus has grown by 75 percent (3,200 more students) and credit hours of enrollment are up by 62 percent. The recently completed Science Center and the upcoming renovations to Science East and Science West will undoubtedly contribute to increased enrollments at the Rockville Campus. Planned expansions at the Germantown Campus will support increasing enrollment. The Germantown Campus now enrolls approximately 7,000 students. New, older adult student enrollment increased by 1.3% in fall 2011.

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 54/46. A chart showing the number of FY13 positions by category is at ©28.

Compensation and Benefits: The College negotiated collective bargaining agreements and, as a result, there are no increases for salaries in the FY13 budget. In the event Montgomery County government or the Montgomery County Public Schools negotiate and implement more than a 2 percent increase or add to their salary base, the College will be required to reopen negotiations with employee groups. The College could seek an adjustment from the county. The College limited compensation adjustments to a onetime lump sum payment in FY12, which does not

permanently impact the budget in the years to come or require additional county support. College employees were furloughed for up to eight days last year, and have foregone salary increases for two years. Administrators have not had raises in three years.

The College has made changes in health care benefits for active employees and changes to future retiree benefits. The College instituted a consumer-driven health plan, which is expected to contain costs and yield long-term savings. The new consumer-driven health care plan includes a high deductible of \$1,200 for an individual, \$2,400 for a family of two, and \$3,000 for a family of more than two. In the benefits area, costs have decreased by \$230,000. Among the county agencies, college employees have consistently had higher health care costs.

The \$1.0 million to start eliminating the underfunding of retiree health benefits (referred to as OPEB, which stands for Other Post Employment Benefits) is in the County's Fiscal Plan.

Voluntary Employee Retirement Program (VERP): Over 25 percent of college employees (341 employees) are currently eligible to retire. The College wanted a formal program that allows employees to give significant advance notice of their retirement in an effort to facilitate transition and share knowledge. The College initiated a one-time retirement incentive opportunity called the Voluntary Employee Retirement Program (VERP). The program is designed to accomplish a number of objectives, including: providing significant advance notice of retirement; facilitating orderly transition of knowledge transfer prior to retirement; allowing for rigorous analysis prior to refilling, reallocating, or abolishing a position in accordance with the College strategic plan; and lowering compensation costs. No additional funding is requested for this initiative.

Beginning July 23 and going through September 14, 2012, all full-time employees who are eligible to retire under the State of Maryland retirement plan in which they are enrolled, and who have at least 15 years of service, as of July 1, 2012, are being offered an opportunity to apply for retirement through VERP. For employees in the state of Maryland Optional Retirement Plan, eligibility to participate requires they be age 55 or older and have at least 15 years of service at Montgomery College. Eligible VERP participants with service to the College of more than 25 years will receive a one-time payment of \$35,000. Participants with service to the College of less than or equal to 25 years will receive a one-time payment of \$25,000.

In exchange, VERP participants must make an irrevocable election to provide advance notice of retirement, complete an agreement, and facilitate the transfer of essential knowledge about the responsibilities of their position prior to departure. Participants must choose one of the following advance retirement dates: 1) staff and administrators — January 1, 2013, June 1, 2013, January 1, 2014 or June 1, 2014; and 2) full-time faculty — June 1, 2013, or June 1, 2014.

The College has reserved the right to cap the number of participants so that the overall cost of the program does not exceed \$2 million. In the event of overwhelming interest, priority to participate will be given to those employees with the greatest length of service. The source of funds for the program is cash from the "Use of Fund Balance".

A discussion of the VERP will be included in the Staff Director's compensation and benefits packet scheduled on a future GO Committee agenda.

©	Attachments:
1	CE Budget – Montgomery College Section
9	Board of Trustees budget transmittal letter 2/8/12
16	Letter 12/20/11 from MC President re: FY12 One-Time Lump Sum for Employees
20	Life Sciences Park Layout
21	Changes in expenditures by expense from FY12 to FY13.
22	FY13 Operating Budget Summary
24	Tuition Rates and Fee Rates FY13 – FY91
25	Cost Per Student FY94 – FY13
26	Enrollment Projections 2013 – 2017
27	Enrollment Projections by Segment 2012 – 2016
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Montgomery College

MISSION STATEMENT

Montgomery Community College provides postsecondary educational programs from campuses located in Takoma Park/Silver Spring, Rockville, and Germantown. It serves four broad groups of students:

- Those who want the first two years of a university education, either for an associate's degree or preparatory to another program;
- Those who want to prepare for a career not requiring a bachelor's degree;
- Highly capable high school juniors and seniors who participate in special programs; and
- Adults who want to continue their education, either to improve job skills or for personal enrichment.

BUDGET OVERVIEW

The total recommended FY13 Operating Budget for Montgomery College is \$267.5 million, a decrease of \$0.5 million or 0.2 percent from the FY12 approved budget of \$268.0 million. The County Executive recommendation funds 100% of the College's tax supported request and establishes an affordable and sustainable level of support. Within the recommended funding for the College, the County Executive is assuming that the Board of Trustees is providing only one time compensation increases that do not add to the base compensation budget.

Related Current Fund revenues (excluding the County contribution) are \$118.6 million, which represents an increase of \$5.6 million or 4.9 percent from the approved FY12 budget.

The College has closed an operating budget gap of almost \$5 million with a modest tuition increase, use of fund balance yielded from previous years austerity measures, savings from the restructuring of health benefits, and meeting increased enrollment needs with part time rather than full time staff.

In addition to the total recommended Operating Budget for the College, the agency's Capital Improvement Program (CIP) requires current revenue funding. Approximately \$6.6 million in FY13 current revenues is recommended in the FY13-18 CIP.

Montgomery College's budget request is not detailed in this document. The College budget request may be obtained by contacting the Office of Budget and Management Studies, Montgomery College, 900 Hungerford Drive, Room 345, Rockville, Maryland 20850, phone 240.567.7290 or may be found on the College's web site at www.montgomerycollege.edu/Departments/budget.

State law requires the Board of Trustees and the President to prepare and submit operating and capital budgets to the County Council. The operating budget request is normally submitted to the Council and County Executive in January each year. After final action by the Council in May, the Board adopts the approved budget in June. The College's approved budget is included in the Approved FY13 Operating and Capital Budgets and is prepared by the Office of Management and Budget in July.

The College prepared an FY13 budget without requesting additional tax supported county funds. The College focused on priorities and reduced and reallocated funds to support essential efforts. There are no salary increases in the requested budget.

Spending Affordability Guidelines

In February 2012, the Council approved FY13 Spending Affordability Guidelines (SAG) of \$137.5 million (net of tuition) for the tax supported funds of Montgomery College. The Board of Trustees has requested \$132.9 million, which is \$4.6 million or 3.3 percent below the guideline. The County Executive recommends the Board's request, an appropriation of \$132.9 million (net of tuition) for the tax supported funds.

Enrollment

Enrollment is projected by the College to increase in FY13 to its highest level ever. Since FY97, enrollment has increased each year and is estimated by the College for FY13 at 18,293 full-time equivalent (FTE) students in credit programs. An FTE student for one year is calculated as the total number of credit hours divided by 30. The College projects a 1.4 percent increase in FY13 in FTE student enrollment, compared to its FY12 estimate, and expects average annual enrollment to grow by one percent from FY13 to FY17. The College's projections assume approval of the proposed renovation and construction schedule in the Capital Improvements Program.

Tuition

For FY13, the College request is based on an increase of \$2 per semester hour, from \$110 to \$112, for County residents; a \$4 per semester hour increase for State residents to \$229; and a \$6 per semester hour increase for out-of-state residents to \$314. The consolidated fee for all students would remain at 20 percent.

Tuition and other student fees represent approximately 38 percent of the revenue proposed by the College to fund the FY13 budget.

State Funding

The total amount of State funding assumed in the Executive's Recommended FY13 budget is estimated to be \$35.9 million. It is comprised of \$30.2 million allocated to the Current Fund and \$5.7 million to the Workforce and Development Fund. The College allocates formula funds to the Current Fund and Continuing Education Fund based on the proportionate share of FTE students for most University System of Maryland institutions.

Tax Supported Funds

The County Executive recommends the Board's request, a total appropriation of \$218.4 million in the three tax supported funds (Current, Emergency Plant Maintenance and Repair, and Tax Supported Grants). This amount is an increase of \$0.4 million or 0.2 percent more than the \$218.0 million approved in FY12.

Current Fund

In the Current Fund, the County Executive is recommending the Board's request, an appropriation of \$217.6 million, an increase of \$0.4 million or 0.2 percent more than the \$217.2 million approved in FY12. This recommendation is based on the College's estimated tuition and fees, which includes the rise in tuition rates noted above. Although these higher rates are incorporated in the budget request, the Board has not yet acted to approve them. The Executive's recommendation fully funds the Board's request. The Board did not request, and the Executive's budget does not fund, general wage adjustments or merit increases for College employees.

Emergency Plant Maintenance and Repair Fund

The Emergency Plant Maintenance and Repair Fund provides for unanticipated expenditures to make emergency repairs not funded elsewhere in the budget. The County Executive recommends the Board's request, an appropriation of \$350,000, the same level as the FY12 approved budget.

Tax Supported Grant Fund

The Tax-Supported Grant Fund provides for community needs not met elsewhere. The County Executive recommends the Board's request, an appropriation of \$400,000 to support the College's adult literacy programs.

Other Funds

Cable Television

The County Executive recommends an appropriation of \$1.2 million for the Cable Television Fund, which provides for production and operation of the College's higher education channel on the County's cable system. The requested amount would provide instructional programs and public service offerings by the College to the community. Additional detail on the College's Cable budget can be found in the Cable Communications Plan in this volume.

Special Funds

The College's Workforce Development and Continuing Education Fund is supported by a combination of student tuition and fees and State reimbursements, which are based on the FTE student enrollment in the academic year that occurred two years prior to the current year. The County Executive recognizes the importance of higher education to the economic development of Montgomery County and recommends the Board's request, an appropriation of \$16.1 million for this Fund, the level requested by the College and the amount approved in FY12.

The Auxiliary Enterprises Fund includes the Bookstore, the Child Care Center, and Food Services, and is supported by revenue earned from these activities. The College requests and the County Executive recommends an appropriation of \$6.4 million for this fund, a decrease of 1.4 percent from the amount approved in FY12.

The Grants and Contracts Fund includes grants and contracts received by the College from all sources. The College requests and the County Executive recommends an appropriation of \$20.2 million for this fund.

LINKAGE TO COUNTY RESULT AREAS

While this program area supports all eight of the County Result Areas, the following are emphasized:

- ❖ *Children Prepared to Live and Learn*
- ❖ *Strong and Vibrant Economy*
- ❖ *Vital Living for All of Our Residents*

PROGRAM CONTACTS

Contact Donna Dimon of the Montgomery College at 240.567.7294 or Bruce R. Meier of the Office of Management and Budget at 240.777.2785 for more information regarding this agency's operating budget.

BUDGET SUMMARY

	Actual FY11	Budget FY12	Estimated FY12	Recommended FY13	% Chg Bud/Rec
CURRENT FUND MC					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Current Fund MC Personnel Costs	0	0	0	0	—
Operating Expenses	212,235,350	217,254,776	214,039,390	217,636,599	0.2%
Capital Outlay	0	0	0	0	—
Current Fund MC Expenditures	212,235,350	217,254,776	214,039,390	217,636,599	0.2%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	1,772.90	1,711.10	1,711.10	1,711.10	—
REVENUES					
Current Fund: Interest	66,128	75,000	65,300	90,000	20.0%
Current Fund: Other Revenue	1,009,341	800,000	1,081,463	800,000	—
Current Fund: Performing Arts Center	98,719	100,000	108,736	110,000	10.0%
Fed. State & Priv. Gifts & Grants	291,620	300,000	298,600	300,000	—
Other Student Fees: Current Fund	1,399,201	1,503,473	1,500,000	1,600,435	6.4%
State Aid	30,610,336	29,788,628	29,788,628	30,209,281	1.4%
Tuition and Fees: Current Fund	78,730,708	80,464,800	81,670,836	85,462,717	6.2%
Current Fund MC Revenues	112,206,053	113,031,901	114,513,563	118,572,433	4.9%
EMERGENCY REPAIR FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Emergency Repair Fund Personnel Costs	0	0	0	0	—
Operating Expenses	136,589	350,000	140,000	350,000	—
Capital Outlay	0	0	0	0	—
Emergency Repair Fund Expenditures	136,589	350,000	140,000	350,000	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
EPMRF: Investment Income Non-Pooled	226	0	225	0	—
Emergency Repair Fund Revenues	226	0	225	0	—
GRANT FUND MC					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Grant Fund MC Personnel Costs	0	0	0	0	—
Operating Expenses	8,502,885	21,033,000	8,750,000	20,163,000	-4.1%
Capital Outlay	0	0	0	0	—
Grant Fund MC Expenditures	8,502,885	21,033,000	8,750,000	20,163,000	-4.1%

	Actual FY11	Budget FY12	Estimated FY12	Recommended FY13	% Chg Bud/Rec
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Federal/State/Private Grants	8,502,885	21,033,000	8,750,000	20,163,000	-4.1%
Grant Fund MC Revenues	8,502,885	21,033,000	8,750,000	20,163,000	-4.1%
AUXILIARY FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Auxiliary Fund Personnel Costs	0	0	0	0	—
Operating Expenses	4,210,739	6,451,173	4,805,964	6,359,564	-1.4%
Capital Outlay	0	0	0	0	—
Auxiliary Fund Expenditures	4,210,739	6,451,173	4,805,964	6,359,564	-1.4%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	50.00	50.00	50.00	50.00	—
REVENUES					
Auxiliary Fund: Interest Income	10,321	5,000	6,380	12,000	140.0%
Other Revenues: Miscellaneous	184,079	1,418,000	425,345	1,454,727	2.6%
Other Revenues: Performing Arts Center	372,063	400,000	287,000	400,000	—
Sales	3,960,487	4,467,230	3,852,570	4,369,819	-2.2%
Auxiliary Fund Revenues	4,526,950	6,290,230	4,571,295	6,236,546	-0.9%
WORKFORCE DEVELOPMENT & CONTINUING ED					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Workforce Development & Continuing Ed Personnel Costs	0	0	0	0	—
Operating Expenses	11,949,264	16,136,583	12,524,000	16,136,500	0.0%
Capital Outlay	0	0	0	0	—
Workforce Development & Continuing Ed Expenditures	11,949,264	16,136,583	12,524,000	16,136,500	0.0%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	84.00	84.00	84.00	85.00	1.2%
REVENUES					
Other Revenues: Interest	66,073	15,000	30,000	15,000	—
Other Revenues; Miscellaneous	67,526	563,292	20,000	350,000	-37.9%
State Aid	4,372,136	5,193,844	5,193,844	5,718,501	10.1%
Tuition and Fees: Continuing Education	6,189,295	8,250,000	6,700,000	8,485,000	2.8%
Workforce Development & Continuing Ed Revenues	10,695,030	14,022,136	11,943,844	14,568,501	3.9%
CABLE TELEVISION FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Cable Television Fund Personnel Costs	0	0	0	0	—
Operating Expenses	1,268,947	1,230,000	1,230,000	1,244,850	1.2%
Capital Outlay	0	0	0	0	—
Cable Television Fund Expenditures	1,268,947	1,230,000	1,230,000	1,244,850	1.2%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	11.00	11.00	11.00	10.00	-9.1%
REVENUES					
Cable: Other Revenue	8,072	0	1,500	0	—
Cable Television Fund Revenues	8,072	0	1,500	0	—
ENDOWMENT FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Endowment Fund Personnel Costs	0	0	0	0	—

	Actual FY11	Budget FY12	Estimated FY12	Recommended FY13	% Chg Bud/Rec
Operating Expenses	14,897	250,000	10,000	263,000	5.2%
Capital Outlay	0	0	0	0	—
Endowment Fund Expenditures	14,897	250,000	10,000	263,000	5.2%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Interest	0	5,000	2,000	1,000	-80.0%
Endowment Fund Revenues	0	5,000	2,000	1,000	-80.0%
MAJOR FACILITIES RESERVE FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Major Facilities Reserve Fund Personnel Costs	0	0	0	0	—
Operating Expenses	2,348,756	2,400,000	2,349,756	2,400,000	—
Capital Outlay	0	0	0	0	—
Major Facilities Reserve Fund Expenditures	2,348,756	2,400,000	2,349,756	2,400,000	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Interest Income	27,795	22,000	17,165	20,000	-9.1%
Student Fees	3,266,747	3,300,000	2,919,795	3,300,000	—
Major Facilities Reserve Fund Revenues	3,294,542	3,322,000	2,936,960	3,320,000	-0.1%
MC GRANTS TAX SUPPORTED FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
MC Grants Tax Supported Fund Personnel Costs	0	0	0	0	—
Operating Expenses	400,000	400,000	400,000	400,000	—
Capital Outlay	0	0	0	0	—
MC Grants Tax Supported Fund Expenditures	400,000	400,000	400,000	400,000	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
TRANSPORTATION FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Transportation Fund Personnel Costs	0	0	0	0	—
Operating Expenses	2,025,202	2,500,000	2,241,281	2,500,000	—
Capital Outlay	0	0	0	0	—
Transportation Fund Expenditures	2,025,202	2,500,000	2,241,281	2,500,000	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	1.00	1.00	1.00	1.00	—
REVENUES					
Miscellaneous Other	247,896	199,550	195,704	250,000	25.3%
Student Fees	2,466,400	2,294,770	2,144,336	2,500,000	8.9%
Transportation Fund Revenues	2,714,296	2,494,320	2,340,040	2,750,000	10.3%
DEPARTMENT TOTALS					
Total Expenditures	243,092,629	268,005,532	246,490,391	267,453,513	-0.2%
Total Full-Time Positions	0	0	0	0	—
Total Part-Time Positions	0	0	0	0	—
Total FTEs	1,918.90	1,857.10	1,857.10	1,857.10	—
Total Revenues	141,948,054	160,198,587	145,059,427	165,611,480	3.4%

PERFORMANCE MEASURES FOR MONTGOMERY COLLEGE

The Maryland Higher Education Commission (MHEC) requires an annual report ("Performance Accountability Report" [PAR]) from the state's community colleges that updates institutional progress on several broad goals that are part of the State Plan for Postsecondary Education. Those goals are accompanied by 35 Indicators on which community colleges set targets ("benchmarks") for the end of the five-year cycle, which will be the report issued in July, 2016 and will reflect data through FY 2015 or Fall 2015, as appropriate. A selection of some of those Indicators is provided here as Performance Measures for Montgomery College.

<u>Accessibility and Affordability</u>						
	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	Target FY 2015
Annual unduplicated headcount						
Credit Students	32,922	33,520	34,248	35,604	37,510	41,636
Non-credit Students	25,114	27,544	26,035	25,636	24,881	25,435
						Target - Fall 2015
MC Share of Montgomery County Residents in MD Colleges	<u>Fall 2006</u>	<u>Fall 2007</u>	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	
	50.3%	48.7%	42.9%	49.4%	49.2%	52.0%
						Target FY 2015
Enrollment in online courses	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2015</u>
	7,971	8,461	8,997	9,989	11,384	15,234
						Target FY 2015
MC Tuition & Fees as pct. of MD public four-year colleges	<u>FY 2006</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2015</u>
	53.9%	55.3%	55.9%	58.7%	56.7%	57.0%
<u>Quality and Effectiveness</u>						
	Grads of 2000	Grads of 2002	Grads of 2005	Grads of 2008	Grads of 2011	Grads of 2014
Graduate satisfaction with educational goal achievement	99.0%	97.0%	93.0%	98.0%	n/a	92.0%
Graduate satisfaction with preparation for transfer	79.0%	88.0%	91.0%	77.4%	n/a	90.0%
	<u>Spring 2003</u>	<u>Spring 2005</u>	<u>Spring 2007</u>	<u>Spring 2009</u>	<u>Spring 2011</u>	<u>Spring 2015</u>
Non-returning students' goal attainment	79.0%	82.0%	74.0%	81.0%	n/a	82.0%
<u>Diversity</u>						
Minority student enrollment	<u>Fall 2006</u>	<u>Fall 2007</u>	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>Fall 2015</u>
MC minority percent	53.5%	53.1%	56.4%	60.3%	64.2%	68.0%
Minority pct. of county adults	42.9%	43.5%	43.9%	45.6%	48.3%	
Minority percent of FT faculty	25.2%	27.5%	28.6%	28.2%	29.5%	32.0%
Minority percent of admin/prof.staff	38.6%	37.6%	38.0%	37.2%	38.4%	42.0%

PERFORMANCE MEASURES FOR MONTGOMERY COLLEGE

Economic Growth and Workforce Development

	<u>Grads of 2000</u>	<u>Grads of 2002</u>	<u>Grads of 2005</u>	<u>Grads of 2008</u>	<u>Grads of 2011</u>	<u>Grads of 2014</u>
Graduate satisfaction with job preparation	76.0%	79.0%	89.0%	83.0%	n/a	85.0%
Licensure exam pass rates	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2015</u>
Radiologic Technology	100.0%	100.0%	100.0%	95.0%	94.0%	90.0%
Nursing	87.0%	93.3%	89.1%	91.3%	95.2%	90.0%
Physical Therapy Asst.	100.0%	77.0%	100.0%	64.0%	83.0%	80.0%
Contract Training Courses						
Annual unduplicated headcount	4,369	4,034	3,792	2,392	1,864	3,500
Annual enrollment in courses	6,124	6,329	5,907	4,993	4,202	6,000

Community Outreach and Impact

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2015</u>
Noncredit community service and lifelong learning						
Annual unduplicated headcount	10,914	14,909	13,282	11,113	9,508	12,000
Annual enrollment in courses	17,929	21,616	20,918	16,287	18,889	19,000
Noncredit basic skills and literacy						
Annual unduplicated headcount	6,330	6,450	6,449	6,252	6,619	6,400
Annual enrollment in courses	10,549	10,628	11,251	11,022	11,910	11,000

Effective Use of Public Funding

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2015</u>
Expenditures on Instruction as a percent of total expenditures	41.0%	40.4%	40.7%	41.2%	40.9%	41.0%
Expenditures on Instruction + Academic Support as percent of total	51.3%	50.9%	50.8%	51.8%	53.3%	54.0%

Montgomery College – Overall Structure





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Office of the President

February 8, 2012

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

and

The Honorable Roger Berliner, President
Montgomery County Council

and

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

RECEIVED
MONTGOMERY COUNTY
COUNCIL

FEB 13 AM 10:21

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

The Board of Trustees of Montgomery College and the College community are grateful for your continued support of Montgomery College and the students we serve.

We respectfully submit for your consideration the Board of Trustees adopted College operating budget for FY13—a budget that seeks no additional funds from the county. The College worked diligently to submit a budget that recognizes the county’s still challenging economic conditions, while also accommodating the 26,996 students enrolled in our degree and transfer programs this fall. Montgomery College now enrolls the largest undergraduate student body in the state of Maryland, surpassing the University of Maryland, College Park.

Our FY13 budget is focused on living within our means: offering quality, accessible education to our students, while, at the same time, finding cost savings. For example, we have undertaken multiple efforts to follow the Office of Legislative Oversight’s recommendations for long-term fiscal health as outlined in the *Achieving a Structurally Balanced Budget* report. In keeping with the report, the College has made changes in health care benefits for active employees and changes to future retiree benefits. The College also limited compensation adjustments to a one-time lump sum payment in FY12, which does not permanently impact the budget in the years to come or require additional county support. Our employees, like other county employees, continue to make sacrifices; they were furloughed for up to eight days last year, and they have foregone salary increases for two years. Administrators have not had raises in three years.

The Honorable Isiah Leggett
The Honorable Roger Berliner
Members of the Montgomery County Council
February 8, 2012
Page 2

The College is continuing austerity measures, which include constrained spending, and hiring only for those positions deemed the most critical. As a result, this budget seeks no additional county funds in FY13. As we did last year, the College closed an operating budget gap of almost \$5 million with one-time resources yielded from austerity measures. Despite county funding declining by \$12 million over the last two years (11.4 percent), we seek no increase in county funds; we only ask for the same amount of county funding as appropriated last year.

The specifics of our request are as follows:

ENROLLMENT

This fall, the College experienced a record high in both credit hours and enrollment, with nearly 27,000 students in the credit program. The College continued steady enrollment growth from fall 2000 through fall 2011, adding more than six thousand students (6,073) — an increase of more than 29 percent or the equivalent of three high schools over the decade. Because an increasing number of these students are younger and attending full time, our credit hours of enrollment have increased dramatically by 39 percent (more than 69,000 credit hours). Since last fall, our student headcount is up 3.8 percent and hours of enrollment are up 2.5 percent. Younger students are more likely to enroll full-time than older students, and full-time students have higher return rates—factors that support our enrollment projections for continued growth over the next several years.

The major factors driving enrollment increases have been: (1) the fluctuating, but overall growth in the number of high school graduates in the county; (2) the enrollment limitations and overall affordability of costs associated with four-year institutions, particularly at the University of Maryland, College Park and other public four-year colleges and universities in the state; (3) Montgomery College's quality, affordability, proximity, and proven track record in preparing students for careers and transfers to four-year institutions; and (4) expanded distance education and other alternative instructional delivery formats by the College.

An additional factor is the county's continued commitment to the College's facilities. We are grateful for your assistance in addressing our space deficits—the largest of any community college in Maryland—to help protect access and meet the demands for post-secondary education in Montgomery County. The County's investment in our facilities and related staff over the past several years has paid off with dramatically higher enrollments. Since the fall of 2000, enrollment at the Takoma Park/Silver Spring Campus has grown by 75 percent (3,200 more students) and credit hours of enrollment are up by 62 percent. The recently completed Science Center and the upcoming renovations to Science East and Science West will undoubtedly contribute to increased enrollments at the Rockville Campus. Planned expansions at the Germantown Campus will support continued increasing enrollment there. The Germantown Campus now enrolls approximately 7,000 students.

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The Honorable Roger Berliner
Members of the Montgomery County Council
February 8, 2012
Page 3

The above enrollment discussion is focused on our credit programs, which the county supports through funding. Given recent discussions about future workforce needs and the projected jobs of the future, it is important to note that 24,000 students also enrolled in Workforce Development & Continuing Education programs last year. The College continues to be popular with those seeking traditional transfer opportunities in order to succeed in “high skill” jobs such as engineering, but those students seeking “middle skills” career programs such construction trades and automotive technology rely heavily on our workforce development and continuing education programs. In today’s economy, a post-secondary education—credit or noncredit—is vital to earning a living wage.

REVENUE

The College is not requesting an increase in county funding.

State aid increased in Governor O’Malley’s budget by \$945,310. State aid is allocated between the Current Fund and Workforce Development & Continuing Education (WD&CE) based on the numbers of FTEs earned which resulted in an increase to the current fund of \$420,653. It is important to note total formula state aid has dropped \$3.6 million over a three-year period (FY10–FY12). This FY13 increase is considerably less than the amount that would have been available had the governor used the John A. Cade funding formula for community colleges to determine state aid. The Budget Reconciliation and Financing Act of 2012 eliminates Cade for the next five years and substitutes an alternative funding methodology that will constrain state aid. Additionally, the governor did not increase the English for Speakers of Other Languages (ESOL) grant over last year’s amount.

It is also important to note that 42 percent of College employees are enrolled in the so-called “teacher pension” system. The proposed shift of pension costs to counties in the governor’s proposed FY13 budget is of serious concern to the College for two reasons: (1) the cost associated with College employees enrolled in this pension plan, and (2) the long-term ability of Montgomery County to afford its commitment to the College and to other important service providers.

This budget anticipates a \$2/\$4/\$6 credit hour increase in tuition. This is an increase of 1.6 percent for students who reside in the county or recently graduated from Montgomery County Public Schools. Students who live outside Montgomery County will have to pay even more for their education. With these proposed increases, the average full-time student will pay almost \$4,452 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 \$87 million, an increase of 6.2 percent. Tuition and fees from students will represent 40 percent of total resources in the FY13 budget, up from 36 percent just two years ago.

The Honorable Isiah Leggett
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Members of the Montgomery County Council
February 8, 2012
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We are also using the last \$490,260 from our FY11 budget savings program and \$4.2 million from our fund balance, derived through continued austerity measures, to fund the budget. The remainder of the College's revenue is "other revenue" comprised mostly of other fees, interest income, and sublease revenue.

EXPENDITURE REQUEST

We developed the current fund budget with these priorities in mind: fiscal prudence, affordability, and student success. We are committed to delivering quality instruction, remaining accountable, and aligning resources with strategic planning. The resulting current fund budget of \$217.6 million is just \$382,000 over last year—less than a 0.2 percent increase.

This budget has been pared back substantially. The full-time to part-time faculty ratio remains at 54:46, which is well below the trustees' goal of 65:35. The funds for scholarships do not adequately address the needs of our students. There are no pay increases in the FY13 request, and the College instituted a consumer-driven health plan, which is expected to contain costs and yield long-term savings.

We worked hard to adopt salary and benefits strategies in keeping with the Office of Legislative Oversight's recommendations. Our expenditure budget is detailed as followed:

Compensation and Benefits for our Employees

- We have negotiated our collective bargaining agreements and, as a result, there are no increases for salaries in the FY13 budget. In the event Montgomery County government or the Montgomery County Public Schools negotiate and implement more than a 2 percent increase or add to their salary base, the College will be required to reopen negotiations with our employee groups. As a result, the College may find it necessary to seek an adjustment from the county.
- In the benefits area, benefit costs have decreased by \$230,000. In fact, we are not budgeting for cost increases for FY13 related to health care benefit plans, negating the need to seek the county's assistance for benefit cost increases next year. The College made changes in our health care benefit plans and implemented those changes during our open enrollment season last fall. We took the following steps: (1) eliminated a Preferred Provider Organization health care benefit plan; (2) implemented a new consumer-driven health care plan that includes a high deductible of \$1,200 for an individual, \$2,400 for a family of two, and \$3,000 for a family of more than two; and (3) made significant plan design changes to the Point of Service plan that remained in place to contain benefit cost increases. As you know, College employees have historically paid the greatest contribution share in the county towards their health plans, amounting to 25 percent of the premium for over a decade. We will continue that practice even with the health care benefit changes.

- As you will recall, changes were made to the eligibility criteria for retiree health insurance last year to lower our future costs. Employees hired on or after July 1, 2011, are eligible for retiree health insurance at age 55 with at least 15 years of service. Retirees with 15 to 20 years of service will receive an employer contribution of 40 percent and retirees with 20 or greater years of service will receive an employer contribution of 60 percent. Employees hired prior to July 1, 2011, are eligible for a 40 percent employer contribution if they have at least five years of service and a 60 percent employer contribution if they have 10 or more years of service.
- Both efforts demonstrate our commitment to the long-term fiscal health of the College and Montgomery County. In keeping with the efforts to contain costs and address the structural deficit, the board and we believe that the College has also taken a fiscally prudent approach to compensation adjustments—a one-time lump sum payment using existing one-time resources. In doing so, the College implemented a compensation model suggested in the Office of Legislative Oversight’s report.

Support for our Students

- Increased student credit hours necessitate additional faculty in the classroom. Due to funding limitations the College is not requesting new full-time faculty; part-time faculty salaries will add \$800,000 based on the increase in credit hours.
- The College request includes \$93,000 to increase 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 fall 2011. In fact, 4,000 students did not enroll at Montgomery College in fall 2011 after qualifying for, but failing to receive, grant aid due to a lack of funds.
- The College request includes \$620,000 to help make the payment to the county for the Ride On service to our students. This represents the amount of the increase in charges from Ride On since FY11. The transportation fund would be in a deficit situation if the entire \$1,258,000 due Ride On were charged to this fund.

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 (\$250,000). This funding is crucial for supporting our emergency maintenance needs.

The Honorable Isiah Leggett
The Honorable Roger Berliner
Members of the Montgomery County Council
February 8, 2012
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Workforce Development & Continuing Education (WD&CE)

The appropriation request for this fund is \$16.1 million. New programming in high demand areas include: health information technology, cosmetology, veterinary technician, “greening” across the curriculum, and vocational English for Speakers of Other Languages. This fund is an enterprise fund and no county funding is requested.

Auxiliary Enterprises

The appropriation request for this fund is \$6.4 million. These funds are comprised of child care, retail operations, food services, the Parilla Performing Arts Center, and other facilities rentals. A major expenditure in FY13 is to equip the new child care center in Germantown, which is scheduled to open in June 2012. This fund is an enterprise fund and no county funding is requested.

50th Anniversary Endowment Fund

The College is requesting appropriation authority of \$263,000 to plan for the Life Sciences Park at the Germantown Campus. No county contribution is requested.

Cable Fund

The appropriation amount requested is \$1,324,850 and is funded through the county cable plan.

Grants

The College is requesting appropriation authority in the amount of \$20.5 million. Of this amount, \$400,000 is requested in county funds for the Adult ESL/ABE/GED program, which is the same amount as FY12.

Transportation Fund

This fund is comprised entirely of user fees from our students, employees, and certain contract staff. The fund also includes parking enforcement revenue. All revenue will be used to pay for lease costs related to the Takoma Park/Silver Spring West Parking Garage. Through this fund, the College also pays the county for part of the free Ride On bus service for our students. In the past, this fund provided for the entire cost of Ride On but can no longer do so (see above). The appropriation request is \$2.5 million.

Major Facilities Reserve Fund

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

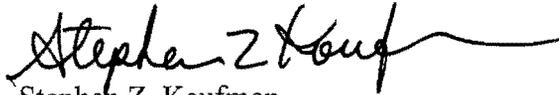
The Honorable Isiah Leggett
The Honorable Roger Berliner
Members of the Montgomery County Council
February 8, 2012
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CONCLUSION

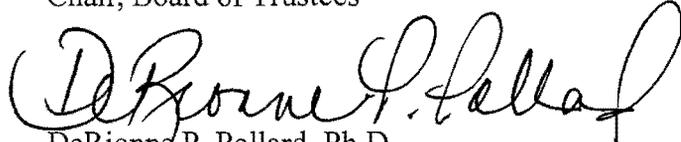
In summary, the Montgomery College budget for FY13 consists of a request of \$217,636,599 for the current operating fund. Of this amount, we are requesting flat funding of \$94,368,755 from the county. The College is also requesting \$350,000 for the emergency plant maintenance and repair fund, of which \$250,000 is requested in county funds; \$20,563,000 for federal, state and private grants, and contracts of which \$400,000 is requested in county funds for the Adult ESOL program; and \$1,324,850 for cable television. An additional \$24,996,064 is budgeted for the self-supporting funds of WD&CE, auxiliary enterprises and transportation fund, \$2.4 million for the major facilities reserve fund, and \$263,000 for the 50th anniversary endowment fund.

The Board of Trustees respectfully requests total expenditure authority of \$267.5 million. We appreciate your careful review and consideration of this budget request. Your ongoing support of Montgomery College is deeply appreciated, and we are grateful that you continue to value post-secondary education for our young people, our families, and our community.

Sincerely yours,



Stephen Z. Kaufman
Chair, Board of Trustees



DeRionne P. Pollard, Ph.D.
President

Schools + ED

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Office of the President

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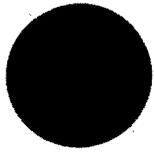
December 20, 2011

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

066066

and

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



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

One of the greatest strengths of Montgomery College is our people. When two national organizations named Professor Dawn Avery as the 2011 Maryland Professor of the Year, it marked the fifth time in eight years that one of our outstanding professors has been recognized with this award. We must continue to support and invest in talented employees—like Professor Avery—to ensure the College remains able to meet our twin objectives of access and success for all of our students. For this reason, I have developed a talent management strategy that supports Montgomery College’s efforts to respond to our changing community and achieve our ambitious completion agenda goals.

The talent management strategy includes a one-time lump sum payment to employees, a classification study, and a succession planning incentive. Before detailing each element, I would like to express my gratitude for the shared sacrifice of Montgomery College employees. Our

The Honorable Isiah Leggett
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December 20, 2011
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employees have been without salary increases since 2009 (administrators since 2008), and they took up to eight furlough days last fiscal year. They have historically paid the greatest contribution share in the county towards their health plans, amounting to 25 percent of the premium for over a decade. I am mindful of the impact such sacrifices have on employee morale, while also recognizing the county's fiscal situation. As a result, the College has taken a balanced approach.

First, we have reached agreements—through collective bargaining with our three bargaining units that represent full-time faculty, part-time faculty, and staff—for one-time lump sum payments to our employees at no additional cost to the county. The respective memberships ratified the agreements, and the Montgomery College Board of Trustees approved the agreements on December 12, 2011. *All of the agreements stipulate there will be no compensation increases in fiscal year 2013 (FY13).* In exchange, the College agreed to lump sum payments—*with no increase to base salary*—for a total of two percent (2%) in FY12. For full-time faculty and staff, a payment of one half of one percent (.5%) of the total two percent (2%) is scheduled for December 30, 2011. A payment of one and one half percent (1.5%), the balance of the two percent (2%), is scheduled for no later than June 30, 2012. For part-time faculty, a one-time, lump sum payment of two percent (2%) is scheduled for no later than March 15, 2012. It is the College's intention to treat its non-bargaining employees in an equitable manner. The College is able to cover the full cost of these payments due to our fiscal austerity measures, which have been in place for several years, and by continuing prudent fiscal stewardship.

All of the agreements do include re-opener language similar to that included in previous years. Re-openers will be triggered in the event that county government and/or Montgomery County Public Schools negotiate and implement greater total increases in employee compensation.

As the second part of the College's talent management strategy, we will complete a classification study by the end of this fiscal year. A well-designed and high-functioning classification and compensation system, based upon internal equity and external market conditions, is essential to supporting the College's strategic goals, objectives, and values.

The final part of the College's talent management strategy is to employ a succession planning incentive in FY13 and FY14. As of July 1, 2012, there will be 491 employees eligible to retire of the approximately 1,800 active staff, full-time faculty, and administrators currently employed by

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Montgomery College. With this incentive, the College will have the opportunity to effectively plan for the orderly transition of 27 percent of our workforce. At this time, we have no formalized mechanism to transfer the knowledge of our most experienced employees within the organization.

The succession planning incentive would allow employees, who are already eligible to retire, to apply for the incentive and select a retirement date from the options available, as determined by the College. If the request is granted, the employee would enter into a knowledge transfer contract with Montgomery College, in order to ensure a successful transition of essential knowledge prior to retirement. Receipt of the incentive would be contingent upon fulfilling the terms of the agreement. Employees would not be eligible for re-hire (with the exception of returning as a part-time faculty member).

In addition to using the incentive as an effective succession planning tool, the incentive would also allow the College to rigorously examine whether to reallocate those positions to fulfill a more critical need, refill the position, or abolish the position. Additionally, where positions are refilled or reallocated, we would anticipate immediate savings because positions will typically be hired at a lower salary. Abolished positions will create permanent savings.

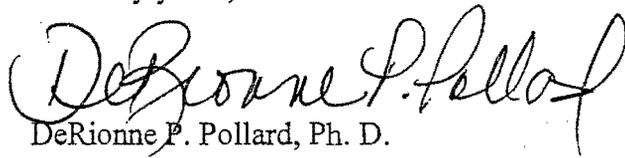
We look forward to discussing our talent management strategy with you in greater detail as we continue to develop our FY13 operating budget. The Board of Trustees and I remain committed to directing existing resources to this effort; we will not ask for additional funds to support any elements of our strategy. Rather, we have identified savings resulting from our austerity measures—hiring freezes, deferral of major purchases, and limited general spending. It is also important to note that the College recently eliminated one health care benefit option, implemented a new consumer-driven health care option, and instituted significant plan design changes to contain benefit cost increases, all part of our continuing effort to be fiscally sustainable.

This talent management strategy is an essential component of our long-term plan. For, in the end, our greatest asset is the people of Montgomery College. As our new vision states: *With a sense of urgency for the future, Montgomery College will be a national model of educational excellence, opportunity and student success. Our organization will be characterized by agility and relevance*

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as it meets the dynamic challenges facing our students and community. I believe our talent management strategy will make Montgomery College more agile and relevant in an ever-changing world—and an ever-changing Montgomery County.

Sincerely yours,

A handwritten signature in black ink, reading "DeRionne P. Pollard". The signature is written in a cursive style with a large, stylized initial "D".

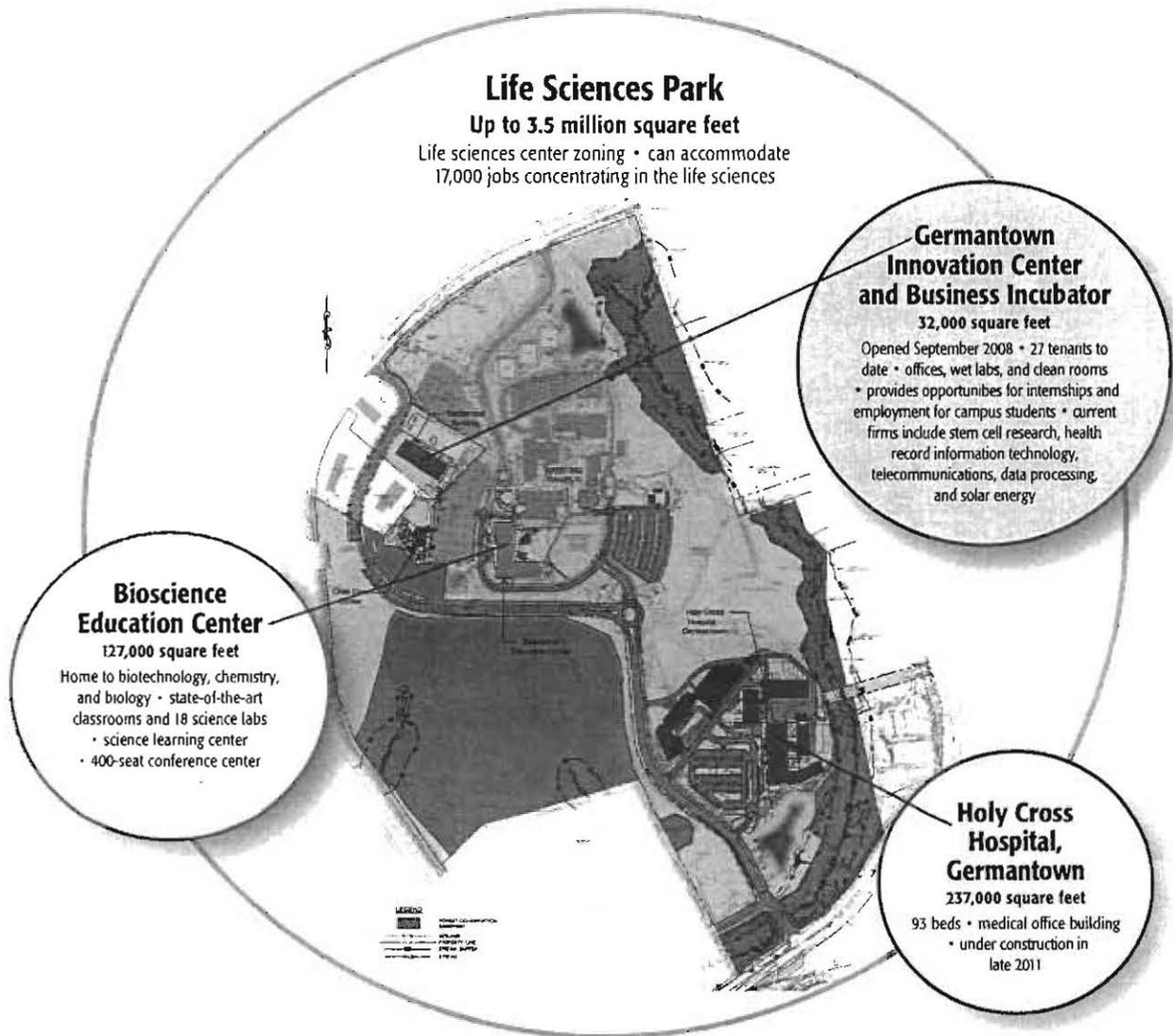
DeRionne P. Pollard, Ph. D.
President

cc: Board of Trustees

MONTGOMERY COLLEGE Life Sciences Park

Montgomery County, Maryland

Concentrating in Life Sciences including Clinical Research, Biopharmaceuticals, Biotechnology, Health Care Engineering, and Health Care Information Technology



Teaching, Learning, and Employment Opportunities

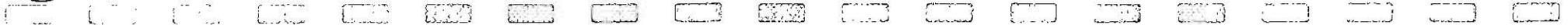
- Bioscience education opportunities from middle school through post-doctoral work
- baccalaureate degree through University of Maryland in life sciences • premier biotechnology program
 - supports middle school teacher education, high school academies, and bioscience summer camps

www.montgomerycollege.edu/germantown

MONTGOMERY COLLEGE

FY 2013 CURRENT FUND

<i>EXPENDITURES</i>	(000s)
FY 2012 Final Budget	\$217,255
Change in salary base, net	144
Change for enrollment	793
Decrease for benefits	(230)
Decrease for utilities	(1,926)
Increase for facilities rental	89
Increase for ride-on	620
Increase for BOT grants	94
Increase for other, net	798
Total	<u>382</u>
FY 2013 Adopted Budget	\$217,637



MONTGOMERY COLLEGE

FY2013 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			
Revenues												
County Contribution	\$94,368,755	\$400,000	\$250,000	\$95,018,755			\$1,244,850		\$1,244,850			\$96,263,605
Tuition & Tuition-Related*	85,462,717			85,462,717	\$8,485,000				8,485,000			93,947,717
Other Student Fees	1,600,435			1,600,435				\$2,500,000	2,500,000			4,100,435
State Aid	30,209,281			30,209,281	5,718,501				5,718,501			35,927,782
Federal Grants (SFA Allow)	300,000			300,000					-	\$12,723,000		13,023,000
State Contracts/Grants				-					-	5,050,000		5,050,000
Contracts for Services				-		\$4,369,819			4,369,819			4,369,819
Interest	90,000			90,000	15,000	12,000		30,000	57,000		\$1,000	148,000
Performing Arts Center	110,000			110,000		400,000			400,000			510,000
Other Revenues	800,000			800,000	350,000	1,454,727		220,000	2,024,727	2,390,000		5,214,727
Total Revenues	212,941,188	400,000	250,000	213,591,188	14,568,501	6,236,546	1,244,850	2,750,000	24,799,897	20,163,000	1,000	258,555,085
Transfers Among Funds												
Mandatory transfers (expenses):												
FWS - Financial Aid												-
Perkins - Financial Aid												-
SEOG - Financial Aid												-
Nonmandatory transfers (revenue):												
WDCE support of operating												-
Aux. Enterprises Overhead												-
Total Transfers	0	-	-	0	-	-	-	-	-	-	-	0
Fund Balance 6/30/12 1)	10,440,100	-	665,960	11,106,060	5,235,407	3,479,437	167,099	7,118,801	16,000,744	-	594,263	27,701,067
TOTAL RESOURCES	223,381,288	400,000	915,960	224,697,248	19,803,908	9,715,983	1,411,949	9,868,801	40,800,641	20,163,000	595,263	286,256,152
Expenditures												
Instruction (10)	(85,372,632)			(85,372,632)	(16,016,500)				(16,016,500)			(101,389,132)
Academic Support (40)	(25,814,034)			(25,814,034)			(1,244,850)		(1,244,850)			(27,058,884)
Student Services (50)	(28,230,490)			(28,230,490)					-			(28,230,490)
Op. & Maint. of Plant (60)	(31,810,764)		(350,000)	(32,160,764)					-			(32,160,764)
Institutional Support (70)	(42,918,179)			(42,918,179)					-			(42,918,179)
Scholarship & Fellowships	(3,490,500)			(3,490,500)	(120,000)				(120,000)			(3,610,500)
Auxiliary Expenditures				-		(6,359,564)		(2,500,000)	(8,859,564)			(8,859,564)
Grant & Endowmt Expenditures		(400,000)		(400,000)					-	(20,163,000)	(263,000)	(21,226,000)
Total Expenditures	(217,636,599)	(400,000)	(350,000)	(218,386,599)	(16,136,500)	(6,359,564)	(1,244,850)	(2,500,000)	(26,240,914)	(20,163,000)	(263,000)	(265,053,513)
Use of Fund Balance	4,695,411	-	100,000	4,795,411	1,567,999	123,018	-	(250,000)	1,441,017	-	262,000	6,498,428
Projected FB 6/30/13	\$5,744,689	-	\$565,960	\$6,310,649	\$3,667,408	\$3,356,419	\$167,099	\$7,368,801	\$14,559,727	-	\$332,263	\$21,202,639

* Excluded from Spending Affordability calculation.

MONTGOMERY COLLEGE

FY2013 SUMMARY OF OPERATING BUDGET

	Subtotal from page 1	Major Facilities Reserve Fund*			Total
Revenues					
County Contribution	\$96,343,605				\$96,343,605
Tuition & Tuition-Related*	93,947,717				93,947,717
Other Student Fees	4,100,435	\$3,300,000			7,400,435
State Aid	35,927,782				35,927,782
Federal Grants (SFA Allow)	13,023,000				13,023,000
State Contracts/Grants	5,050,000				5,050,000
Contracts for Services	4,369,819				4,369,819
Interest	148,000	20,000			168,000
Performing Arts Center	510,000				510,000
Other Revenues	5,214,727				5,214,727
Total Revenues	\$258,635,085	3,320,000			261,955,085
Transfers Among Funds					
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 6/30/12	27,701,067	8,095,555			35,796,622
TOTAL RESOURCES	286,336,152	11,415,555			297,751,707
Expenditures					
Instruction (10)	(101,389,132)				(101,389,132)
Academic Support (40)	(27,138,884)				(27,138,884)
Student Services (50)	(28,230,490)				(28,230,490)
Op. & Maint. of Plant (60)	(32,160,764)	(2,400,000)			(34,560,764)
Institutional Support (70)	(42,918,179)				(42,918,179)
Scholarship & Fellowships	(3,610,500)				(3,610,500)
Auxiliary Expenditures	(8,859,564)				(8,859,564)
Grant & Endowmt Expenditures	(21,226,000)				(21,226,000)
Total Expenditures	(265,133,513)	(2,400,000)			(267,533,513)
Use of Fund Balance	6,498,428	9,015,555			15,513,983
Projected FB 6/30/13	\$21,202,639	\$9,015,555			30,218,194

* Excluded from Spending Affordability calculation; Fund Balance for Major Facilities also includes the fund balance for the capital fund.

MONTGOMERY COLLEGE FY 2013 - FY 1991

TUITION RATES

FEE RATES

FISCAL YEAR		IN-COUNTY	IN-STATE	OUT-OF-STATE	FEE RATES			Major Facilities Fund (per sem. Hour)	Transp. (per semester)	% incr in county (excludes fees)
					Consolidated	Technology (per sem. Hr.)	Application			
2013	Per Credit Hour	112	229	314	20% of tuition or min. of \$50	5	25	5	4	1.8%
	No Maximum									
2012	Per Credit Hour	110	225	308	20% of tuition or min. of \$50	5	25	5	4	2.8%
	No Maximum									
2011	Per Credit Hour	107	219	299	20% of tuition or min. of \$50	5	25	5	4	4.9%
	No Maximum									
2010	Per Credit Hour	102	209	284	20% of tuition or min. of \$50	5	25	5	4	3.0%
	No Maximum									
2009	Per Credit Hour	99	203	275	20% of tuition or min. of \$50	5	25	5	4	3.1%
	No Maximum									
2008	Per Credit Hour	96	197	266	20% of tuition or min. of \$50	5	25	5	4	3.2%
	No Maximum									
2007	Per Credit Hour	93	191	257	20% of tuition or min. of \$50	5	25	5	2	0.0%
	No Maximum									
2006	Per Credit Hour	93	191	257	20% of tuition or min. of \$50	5	25	5	2	4.5%
	No Maximum									
2005	Per Credit Hour	89	183	245	20% of tuition or min. of \$50	5	25	5	2	3.5%
	No Maximum									
2004	Per Credit Hour	86	177	236	20% of tuition or min. of \$50	5	25	3	-	8.9%
	No Maximum									
2003	Per Credit Hour	79	163	215	20% of tuition or min. of \$50	5	25	2	-	6.8%
	No Maximum									
2002	Per Credit Hour	74	153	200	20% of tuition or min. of \$50	5	25	2	-	2.8%
	No Maximum									
2001	Per Credit Hour	72	150	196	20% of tuition or min. of \$50	3	25	1	-	1.4%
	No Maximum									
2000	Per Credit Hour	71	148	193	20% of tuition or min. of \$50	-	25	1	-	2.9%
	No Maximum									
1999	Per Credit Hour	69	140	187	20% of tuition or min. of \$50	-	25	1	-	3.0%
	No Maximum									
1998	Per Credit Hour	67	131	183	18% of tuition or min. of \$50	-	25	1	-	3.1%
	No Maximum									
1997	Per Credit Hour	65	125	177	16% of tuition or min. of \$50	-	25	1	-	6.6%
	No Maximum									
1996	Per Credit Hour	61	117	165	13% of tuition or min. of \$40	-	25	1	-	7.0%
	No Maximum									
1995	Per Credit Hour	57	109	153	13% of tuition or min. of \$40	-	25	1	-	0.0%
	No Maximum									
1994	Per Credit Hour	57	109	153	10% of tuition or min. of \$40	-	25	1	-	9.6%
	No Maximum									
1993	Per Credit Hour	52	99	139	10% of tuition or min. of \$30	-	-	1	-	0.0%
	No Maximum									
1992 Spring	Per Credit Hour	52	99	136	10% of tuition or min. of \$30	-	-	1	-	10.6%
	No Maximum									
1992 Fall	Per Credit Hour	47	89	123	10% of tuition or min. of \$30	-	-	1	-	0.0%
	No Maximum									
1991	Per Credit Hour	47	85	117	10% of tuition or min. of \$30	-	-	-	-	
	No Maximum									

MONTGOMERY COLLEGE

COST PER STUDENT

College Credit Programs - Current Fund

<u>Fiscal Year</u>	<u>Expenditures</u>	<u>Total Enrollment (Fall)</u>	<u>Total Annual Semester Hours Of Enrollment</u>	<u>FTE* Students</u>	<u>Cost per FTE</u>
2013	217,636,599	27,348	548,800	18,293	11,897
2012	217,254,776	26,085	533,959	17,799	12,206
2011	215,024,676	26,015	532,247	17,742	12,120
2010	210,568,344	26,147	531,039	17,701	11,896
2009	204,554,428	24,452	490,534	16,351	12,510
2008	191,379,488	23,866	471,006	15,700	12,190
2007	176,819,073	22,893	452,322	15,077	11,727
2006	158,806,781	22,263	434,806	14,494	10,957
2005	149,228,495	22,254	429,962	14,332	10,412
2004	139,899,752	21,671	419,374	13,979	10,008
2003	129,978,865	21,805	415,189	13,840	9,392
2002	124,642,335	21,347	405,309	13,510	9,226
2001	116,367,413	20,923	387,443	12,915	9,010
2000	105,105,526	20,843	378,051	12,602	8,341
1999	91,943,557	20,360	366,518	12,217	7,526
1998	85,574,224	20,350	358,312	11,944	7,165
1997	80,334,066	20,457	353,797	11,793	6,812
1996	78,096,836	21,472	363,751	12,125	6,441
1995	75,771,866	22,305	367,733	12,258	6,182
1994	72,926,327	22,940	379,854	12,662	5,760

* FTE is a figure which represents the number of full-time equivalent students (total semester hours divided by 30). The figures in this chart represent all the students receiving instruction in the credit programs of the College (not including Continuing Education noncredit offerings). Actual State Aid, however, is computed on the basis of an FTE figure representing State residents only.

MONTGOMERY COLLEGE

ENROLLMENT PROJECTIONS

TOTAL COLLEGE TOTALS

FISCAL YEAR	ACTUALS			PROJECTIONS				
	2010	2011	2012	2013	2014	2015	2016	2017
Students								
Summer (A)	6,351	6,695	6,873	7,127	7,203	7,285	7,335	7,336
Summer (B)	9,434	9,252	9,502 +	9,622	9,725	9,835	9,902	9,904
Fall	26,147	26,015	26,996	27,348	27,640	27,953	28,145	28,151
Spring	24,955	24,896	25,508 +	25,836	26,111	26,407	26,588	26,594
Total Students	66,887	66,858	68,879 +	69,933	70,679	71,480	71,970	71,985
Credit Hours								
Summer (A)	25,067	26,716	26,748	27,748	28,044	28,362	28,556	28,562
Summer (B)	38,047	37,151	38,122 +	38,598	39,010	39,451	39,723	39,731
Fall	242,381	240,456	246,464	249,589	252,254	255,110	256,863	256,917
Spring	225,544	224,374	229,957 +	232,866	235,352	238,017	239,653	239,703
Total Credit Hours	531,039	528,697	541,290 +	548,800	554,660	560,940	564,795	564,913

Student enrollments for an academic term represent unduplicated students and not the sum of students at each campus during a term, since students often enroll at multiple campuses.

- + Projected enrollment
- (A) July and August enrollments
- (B) May and June enrollments

MONTGOMERY COLLEGE

ENROLLMENT PROJECTIONS

ACTUALS AND PROJECTIONS OF SOURCE DATA USED TO DEVELOP ENROLLMENT PROJECTIONS

SOURCE SEGMENTS	A C T U A L						P R O J E C T I O N S				
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fall Semester											
County Residents											
New Residents											
High School Graduates Immediate, Delayed, Entry, and Early Placement	4,469	4,618	4,687	5,123	4,771	4,662	4,598	4,674	4,769	4,783	4,638
Adult County Residents - Graduated High School More than 3 Years Prior	1,852	1,849	1,747	2,101	1,986	2,011	2,017	2,022	2,028	2,033	2,040
Returning Students	14,208	14,838	15,319	16,086	16,631	17,646	18,039	18,289	18,496	18,718	18,891
Non-County Residents											
Maryland Residents	923	1,056	1,105	1,142	1,190	1,273	1,277	1,250	1,246	1,186	1,150
Out-of-State Residents	1,441	1,505	1,594	1,692	1,435	1,404	1,417	1,404	1,414	1,424	1,431
TOTAL ENROLLMENT	22,893	23,866	24,452	26,144	26,013	26,996	27,348	27,640	27,953	28,145	28,151

MONTGOMERY COLLEGE

SUMMARY OF POSITIONS

FY 2013

	Instructional Faculty	Counselors	Subtotal Faculty	Administrators	Staff	Total
OPERATING BUDGET						
ADMINISTRATION				32.50	149.75	182.25
COLLEGEWIDE	0.00	1.00	1.00	18.00	642.00	661.00
ROCKVILLE CAMPUS	308.00	31.00	339.00	12.00	132.60	483.60
TAKOMA PARK CAMPUS	142.00	16.00	158.00	8.00	61.00	227.00
GERMANTOWN CAMPUS	88.00	16.00	104.00	6.00	47.25	157.25
SUBTOTAL	538.00	64.00	602.00	76.50	1,032.60	1,711.10
WORKFORCE DEV. & CONTINUING ED.	5.00		5.00	3.00	77.00	85.00
AUXILIARY ENTERPRISES					50.00	50.00
TRANSPORTATION					1.00	1.00
CABLE TV					10.00	10.00
CAPITAL BUDGET					29.00	29.00
GRAND TOTAL	543.00	64.00	607.00	79.50	1,199.60	1,886.10



Written Testimony on the FY13 Operating Budget

Dr. DeRionne Pollard, President

Montgomery College

April 12, 2012

Thank you for the opportunity to submit written testimony. The College is very grateful for the County Executive's support of our FY13 operating budget request, which included level funding from the county. We now seek your support.

As you know, Montgomery College had a \$12 million reduction in county funds in the last two years, an 11.4% reduction in our county support. These reductions came on top of reductions in state aid as well.

Despite these previous reductions, our goal this year is to accomplish an ambitious agenda *without requesting any additional county support*. The guiding principle of the College's budget request was to make tough choices and solve our own challenges. We plan to achieve more, not less, despite constrained public resources. We hope you'll support our efforts to drive change at the institution – and in turn, drive success for students and ultimately our community.

We Are Living Within Our Means and Solving Our Own Fiscal Challenges.

We're doing a number of things to solve our fiscal challenges. Austerity measures remain in place. We have a soft hiring freeze and spending limitations. We used our own resources to close the College's \$5 million gap for FY13. We are making tough choices when it comes to spending limited resources.

We also went against the common trend of annual benefit increases and actually cut our benefit costs. How? We made bold change in health benefits:

- Eliminated our PPO plan
- Implemented a new plan with a high deductible (\$3,000 per family)
- Implemented significant plan design changes to contain cost increases to the remaining Point of Service Plan.

College employees continue to pay 25% of the premium, the highest in the county, despite benefit changes. We've changed the eligibility criteria for retiree health insurance to lower future costs.

In the area of compensation adjustments, the one-time lump-sum payment provided to our employees this year does not add to our base budget or burden the county's budget. Our employees, like county employees, have forgone salary increases for several years. They were furloughed for up to eight days last year, and they had foregone salary increases for two years. Administrators have not had raises in three years. I would note that we are back at the bargaining table with our employee groups, since the agreements with the county employee groups triggered the re-opener language in our contracts.

Issues at the State Impact the College.

We face challenges at the state level as well. Our state aid is unknown at this time, given the operating budget impasse in Annapolis.

The Maryland General Assembly had decided against shifting the pension costs for community college employees to the counties. While we await final decisions from Annapolis, it is fair to say that the planned shift of teacher pension costs for the Montgomery County Public Schools (MCPS) to the county may impact us, as it impairs your ability to support the College along with other important public services.

Taking the revenue picture into account, we worked to prepare a thoughtful budget that allows us to accomplish our goals without new county funds.

What's Not in Montgomery College's Proposed FY13 Budget?

- No new county funds over last year's appropriation
- No salary adjustments
- No health care cost increases
- No request for new full-time faculty, despite the fact that we have record enrollments--we surpassed the University of Maryland College Park as the largest undergraduate student body in the state of Maryland this past fall.

What Is in This Budget?

This budget assumes a modest State aid increase. However, the currently adopted state budget *reduces* community college operating aid by 10 percent. Your support for our level funding request is all the more important as a result.

Student tuition would increase by 1.6 percent for most students. Student tuition and fees **now account for 40% of our budget**, up from 36 percent just two years ago.

Due to projected enrollment growth, the budget includes an additional \$800,000 for part-time faculty salaries. This budget does NOT include any new full-time faculty. Our full time to part-time ratio is now 54:46, well below our goal of 65:35. We greatly value both our part-time and full-time faculty. Our ultimate goal of more full-time faculty recognizes their broad portfolio of responsibilities outside the classroom, including mentoring and advising, all essential to student success.

Our budget includes a modest \$93,000 increase in financial aid. This fall 4,000 students did not enroll at MC after qualifying for but failing to receive a College grant or scholarship.

Our budget also includes \$620,000 for Ride On services. Currently, nearly 30 percent of our students get to college without driving themselves in a car. Transportation costs are a major challenge for many students. The average household income of the 8,400 MC students who relied on Pell grants last year was \$23,000. For one in seven Pell recipients, it was less than \$1,000.

Where Do We Hope to Go From Here?

As a College and a county, we are definitely at a crossroads. Our demographics are changing, with a population that is aging, less wealthy, and more diverse.

While some may see a challenge, we see an opportunity. Montgomery College is focused on increasing our completion rates – increasing the percentage of students who leave MC with a degree or credential or who successfully transfer. We are still ambitious, for I know we can accomplish amazing things working with the county, MCPS, employers and community.

I am focused on re-positioning the College to successfully meet our goals, as I outlined in a State of the College speech yesterday to the college community. As part of that effort, the College will be adopting a strategic plan with an emphasis on access and a renewed focus on student success.

Effective talent management strategies are also essential to ensure we have the strongest team to implement the new strategic plan. The College is focusing on prudent compensation agreements, a retirement incentive, a classification study and departmental reorganizations to ensure better alignment with priorities and to drive change.

And, the College has embraced programmatic changes. We're re-vamping development math and renewing our focus on student services. In my State of the College address I talked about a Guidance Pathway System—a GPS—that's intrusive as possible in the educational lives of our students to drive their success. We're committed to bringing Pathways to the Baccalaureate to Montgomery County, which strengthens the pathway from MCPS to the College and the Universities at Shady Grove.

There is much to be done; I'm glad to have you all as partners as we work to ensure access and success for the many Montgomery County residents who turn to the College each year.

Please support our FY 13 operating budget request for level funding. Thank you.



Testimony on the FY13 Operating Budget
By Mr. Jonathan Jayes-Green, Student Member
Board of Trustees, Montgomery College

3rd floor Hearing Room, Council Office Building, Rockville

April 12, 2012 at 7:00 p.m.

- My name is Jonathan Jayes-Green; I'm here representing Montgomery College's Board of Trustees as their student member.
- I want to start by thanking you for your past and current support of both our operating and capital budgets.
- The College is working hard to provide the best education to every student, including making sure we have access to the campuses. I use public transportation to get to the Rockville Campus. It takes me at least an hour each way, and that's when the buses are on schedule.
- As a full-time student, at least I can stay on campus all day. Some students must drive to get quickly from class to work and parking is a huge issue. So please support both Ride-On and a new parking garage!
- Montgomery College is worth it. My experience is proof.
- Throughout my high school years, I was told that if I worked hard enough, I would be able to get into a good 4-year institution and be successful. So I did. After beginning as an ESOL student, I progressed to

AP classes and earned actual college credits in high school, thanks to MC's partnership with MCPS. Not only did I graduate with a 4.04 GPA, I also got involved in student government and community activities. I graduated with over 1,000 community service learning hours and was proud to be recognized with Congressman Van Hollen's Public Service award.

- I got into six universities, including my dream school, George Washington University. But I didn't get enough aid to attend any of them – they were just too expensive.
- At the same time, I was fortunate to receive admission to Montgomery College's selective honors program. Montgomery College was truly my only option from a financial stand point.
- I'm so glad I found Montgomery College, for it has changed my life. How? It's forced me to expand my understanding of the world through a multi-disciplinary manner through the honors program. It's allowed me to tap into the incredible amount of diversity of a student body from 170 different countries. I've interacted with amazing professors that continue to help shape who I am.
- Had it not been for the existence of the College and their scholarships, I would not be in college right now. And this is exactly why I decided to serve as a Trustee: to start giving back to the college for all it does for so many students.
- After I graduate this May, I plan to transfer to a 4-year institution and study political sciences and sociology. I've applied to 8 institutions and am hoping for a scholarship! After that, I will pursue a master's in public policy and examine how our educational policies are impacting different minority groups- a path which was inspired by my favorite Sociology professor at Montgomery College.
- What I love about the college is that it stays true to its mission to empower our students, enrich the lives of our communities and to be accountable for its results. Thank you again for all you do for this county and Montgomery College.

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College

Testimony to the Montgomery County Council

On the FY 13 Operating Budget

April 12, 2012 – 7:00 p.m.

By Antoine Battle, Montgomery College Student

Takoma Park/Silver Spring Campus

First of all thank you for the opportunity to speak to you tonight on behalf of the students at Montgomery College (MC) and my campus, Takoma Park-Silver Spring. I need to add a special thank you to Councilmember Valerie Ervin, who spoke at my State and Local Government class last week. I learned about the intricacies of governing Montgomery County.

I know I have three minutes to tell my story; I'll do my best!

I'm a graduate of a local high school. I'll admit, I sat in the back of the classroom. I didn't take any AP classes. My teachers saw my potential when I applied myself, but that didn't always happen.

Then, I enrolled at MC two years ago, and I saw that I had a chance at radical transformation. Beginning with orientation, the counselors, student life director, the dean and the provost all told us what we could do to be successful – but it also took me being pro-active.

I got into the Renaissance Scholars Honors Program. I had access to outstanding professors and have benefited from small classes and seminars where we engage and debate with each other. I'll end my two years here with an AA in International Business.

Along the way, I also had the opportunity to tutor students in economics. I joined Phi Theta Kappa, the national honor society. I wrote for and served as the business manager for the student newspaper. I was president of the entrepreneurs club.

I felt it was important to reach out to new students in the way others reached out to me. So I'm also a student ambassador for the "First Year Experience Program," where I can share the lessons I've learned.

The students here have also offered me lessons. Every time I met students from another country, I challenged myself to better understand their stories. So I looked up that country and researched it. I learned so much that way! Some people travel the world to get the experience I got right here at Montgomery College.

I'll be leaving at the end of this semester, where I plan to transfer and continue my studies in economics. But I won't forget MC and the lessons learned.

I've heard it said that MC "is in the business of changing lives." But the people who've touched my life here don't treat it like a business – it's more a calling. They live it. That's an inspiration I will carry with me as I continue on my educational journey. And by the way – I always sit in the front row now.

Testimony on the FY13 Operating Budget

By Philip McTighe, Student at Montgomery College

April 12, 2012 at 7:00 p.m.

Hello and Good evening. My name is Philip McTighe. I am 19 and in my fourth semester at the Germantown Campus of Montgomery College. I attend full-time, work two part-time jobs, and I plan on completing my associate's degree this spring.

Many of you may know the Germantown Campus for its biotech and cybersecurity programs. I know it as a place where I've found incredible opportunities to be of service to my college, my community, and even another part of the country. Before I share those experiences, let me tell you how I got to MC.

I'm a proud graduate of Rockville High School. After graduation, I was accepted into a four-year university, but due to financial issues I was unable to attend. You see, I have five siblings, and three of us are in college at the same time.

The reason I'm in college is Montgomery College. At first I didn't want to attend MC because it was a community college – what some people call “thirteenth grade.”

But I changed my mind and decided to make the best of my time at Montgomery College. I'm glad I did.

Montgomery College provided me with the tools and resources to determine my future. I had never gotten straight A's in high school. I was determined to do it in college, and at the end of my first semester I worked hard and received my first straight A's! My grades are a testament to how good Montgomery College is. That includes the resources they provide, such as the writing center, math lab, and the science centers where tutoring and group work are available to help students succeed.

As I said earlier, I've also learned a lot about giving back at Montgomery College. First, I participated in the Leadership Ascent Program. This teaches students how to become both better leaders and followers. This led me to get more involved at the Germantown campus, where I became the Treasurer of the Student Senate. I also help other students as a First Year Experience Student Ambassador.

I have also been fortunate enough to be chosen to attend Alternative Spring Break for the past two years. We traveled to Mississippi to help build houses after Hurricane Katrina. And that's just one of many volunteering opportunities at the College. Others include our efforts with Smart Snacks, helping to feed children in Montgomery County, and Once Upon a Prom, helping to provide high school girls with prom dresses they otherwise wouldn't be able to afford.

Montgomery College has prepared me to continue my education, and I've applied to some great schools across the country. Without Montgomery College, I don't know where I would have been today. I do know a great future lies ahead because of the way Montgomery College has allowed me to grow as a person and to grow in my education. My story is not unique; there are many other students who will better our community and even our world because of the College. Without Montgomery College, we wouldn't have these opportunities.

So I feel that MC is not only a nice thing to have, it's a necessity.

Thank you again for the opportunity to speak here today. I'd also like to thank you for everything you have done for this amazing county we live in. I urge you to consider the important role Montgomery College plays in the future of our community and world. Montgomery College students can make a huge impact if they're given the chance.

April 12, 2012

Good evening,

My name is Rick Penn. I am a professor of mathematics, and represent the faculty of Montgomery College as president of the American Association of University Professors.

I was very pleased to see that the County Executive proposed a budget fully funding Montgomery College's request of level funding, and encourage you to maintain this funding in your budget. As a native of Montgomery County, and a life-long resident of Rockville, I know of the Council's long history of recognizing the value that Montgomery College adds to our community. I thank you for your past support, and hope that it will continue.

In preparing my remarks for this evening, I came across a study of the economic impact that community colleges provide to the state of Maryland. This report, produced a couple of years ago by CCBenefits, Inc, calculated a ROI to the taxpayers of 9.8% for money invested in community colleges, in the form of avoided negative social costs and increased tax revenue from the resulting income growth. The economic benefit to the students themselves is significantly greater. As a mathematician I would be happy to discuss such numbers, but as I've learned from my students sometimes it is helpful to step back from the theory, and look at specific examples. With that in mind, I'd like to share with you stories of a couple of students with whom I've personally worked over just the past year, to illustrate who is directly benefiting from Montgomery College.

This past year the mathematics discipline completely revamped its developmental program in an attempt to help more students pass this traditional stumbling block and prepare for college level courses. This fall, in the very first semester that this was offered, my students achieved a level of success that gives me great hope for this program. One young woman in particular, who like most in her class had always struggled with math, took advantage of the self-pacing to work ahead, finished the course early, and then nearly lived in the lab for the last month of the term until she successfully completed a 2nd course as well, saving herself a full semester. She is now taking statistics, and doing quite well.

MC is also fortunate to serve a large population of very successful students. Last spring I taught an honors seminar in game theory, a mathematical analysis of how people, businesses, countries, or even animal species with conflicting goals can best achieve the most favorable outcome for themselves. The students in this seminar were incredibly bright and motivated, and they pushed each other- and me- much harder than I had ever experienced in a course at this level. One student, for example, wrote a term paper researching game theoretic decision making in oligopolies. He has since transferred to Cornell University where he is studying business and mathematics.

Finally, many MC students participate each year in a national math competition for students in 2 year colleges. Even though many of the students initially participate in response to arm-twisting by their

professors, quite a few discover a real enjoyment in solving mathematical puzzles. While this year's results are not official yet, MC looks likely to once again have a team finish near the top in the mid-Atlantic region. I will be joining a colleague in bringing 4 of the students who were among the most successful in this competition to compete against students from other local community colleges next weekend.

While the examples that I have shared tonight are all from my discipline, students in all fields, and at all levels, are transforming their lives and achieving their goals at Montgomery College. Please support our level funding request and help us to continue to provide the innovative programs and support services that they need to succeed. Thank you.

Richard Penn
Professor of Mathematics
President, Montgomery College Chapter of American Association of University Professors
Montgomery College, Rockville
240-567-5195

Testimony to the Montgomery County Council
By Katherine Perez, Montgomery College Student

April 12, 2012

Good evening. My name is Katherine Perez and I'm currently attending Montgomery College's Rockville Campus.

I graduated from the IB program at Watkins Mill High School, and I am currently working on obtaining my associate's degree in Life Sciences. In the future, I would like to pursue a dental degree at a local university.

I'm here tonight because Montgomery College has provided me with the environment and the people that are essential in achieving my dreams. Unlike any of my high school friends, I had to stay near home due to family challenges that modified my plans unexpectedly. Recently, my dad had a terrible accident that damaged his hand, and he has not been able to work for five months.

My mom just had a baby, so she had to stop working as well to take care of my baby sister. However, they have been able to count on my support because MC has supported me as well. Professors understand my situation and do their best to arrange accommodations. Students are also able to help by just giving advice, because many times they have been through similar experiences.

Right now, I work, go to school and help out my family. It is with the help of Montgomery College that I am still able to pursue my dreams regardless of the many obstacles in the way.

So thank you for supporting Montgomery College and for supporting students like me.