

ED COMMITTEE #1
April 18, 2016
Worksession

MEMORANDUM

April 14, 2016

TO: Education Committee

FROM: Essie McGuire, Senior Legislative Analyst *EWG*

SUBJECT: **Worksession – Montgomery College FY17 Operating Budget**

Today the Education Committee will review the Montgomery College's requested FY17 Operating Budget. The following individuals are expected to participate in today's worksession:

- Marsha Suggs Smith, Chair, Board of Trustees
- Dr. DeRionne Pollard, President
- Dr. Janet Wormack, Senior Vice President, Administrative and Fiscal Services
- Susan Madden, Chief Government Relations Officer
- Linda Hickey, Budget Coordinator, Administrative and Fiscal Services
- Richard Harris, Office of Management and Budget

OVERVIEW

The Board of Trustees adopted the proposed FY17 Operating Budget for Montgomery College on February 1. **The College's total request is \$315.3 million for all funds, an increase of \$5.4 million or 1.2% over the FY16 approved level of \$309.9 million. The College's tax-supported request totals \$264.4 million, \$12.2 million or 4.8% over the FY16 tax-supported level.** The budget transmittal letter from the Board Chair and the College President to the County Executive and the Council President is attached on circles 1-12 and provides detail on the revenue and expenditure assumptions in the College's budget request.

The County Executive recommends a total of \$308.0 million for the College in FY17, a decrease of \$1.9 million or 0.6% from the FY16 approved level. **The Executive's tax-supported recommendation is for \$256.4 million, an increase of \$4.2 million or 1.7% more than the FY16 approved level.**

The decrease in the College's total budget for FY17 is due primarily to two non-tax-supported factors. First, there is a \$4 million decrease in the amount requested to be appropriated from the Major Facilities Reserve fund. The \$4 million was needed last year related to the capital project for physical education facility renovations, but is not needed again in FY17. Second, there is a \$2.7 million decrease in the amount requested to be appropriated for the Auxiliary Services, which are the Enterprise Funds. This reflects the College's decisions to close two of its child care centers and to operate its bookstore services through a private vendor.

The Current Fund consists of the major tax-supported elements of the College's budget, excluding primarily grants and enterprise funds. The table below shows the College's Current Fund by major funding source, including the FY15 and FY16 approved level, the College's FY17 request, and the Executive's FY17 recommendation. Other Current Fund summary information is attached on circles 13-17.

Montgomery College Current Fund Resources FY15-17								
Source	FY15 Approved		FY16 Approved		FY17 College Req		FY17 CE Rec	
	\$	% of total						
County	116,733,727	47.9%	127,633,727	50.8%	137,633,727	52.2%	129,633,727	50.6%
Tuition & Fees	83,660,041	34.3%	81,187,685	32.3%	84,070,914	31.9%	84,070,914	32.8%
State	34,238,669	14.0%	33,981,176	13.5%	36,141,583	13.7%	36,141,583	14.1%
Fund Balance	7,488,018	3.1%	7,015,607	2.8%	3,839,594	1.5%	4,497,555	1.8%
Other	1,650,000	0.7%	1,650,000	0.7%	1,974,000	0.7%	1,974,000	0.8%
Total Curr Fund	243,770,455		251,468,195		263,659,818		256,317,779	

Council staff highlights the following Current Fund components as an overview of the budget discussion:

- **The College's budget assumes an increase in tuition of \$4/\$8/\$12 per semester hour** (in-County, in-State, out-of-State). The College approved increases of \$3/\$6/\$9 in both FY15 and FY16. The Executive's budget assumes the same level of tuition increase as proposed by the College for FY17.

Since FY2010, tuition and fees have supported a low of 32.3% of the Current Fund in FY16, and a high of 40% of the Current Fund in FY2013. Tuition has increased every year since and including FY2010 with the exception of FY2014. The highest tuition increase was in FY2011 at \$5/\$10/\$15 per semester hour. In FY15 and FY16 tuition increased \$3/\$6/\$9 per semester hour.

- **The State Aid increase (\$2.2 million) is due to full formula funding of community college aid.** In FY16 the State Aid decreased slightly from the previous year because the formula was not fully funded.
- While the Executive's budget assumes a somewhat larger **use of fund balance (\$4.5 million)** than the College's request, both the College's and the Executive's recommended fund balance

use are consistent with the Council's policy on the College's fund balance and budgeted reserve. The Executive's recommendation leaves the College with a \$3.9 million budgeted reserve, which is 3.1% of the Current Fund.

The College accrues fund balance consisting of unspent appropriation at the end of a fiscal year, as do the other agencies. Some portion of these resources is typically allocated as a resource for the next year's budget. In addition, the College maintains a reserve consistent with Council Resolution 17-312, *Reserve and Selected Fiscal Policies*. For the College, the resolution states that "The reserve in the Current fund should be 3.0%-5.0% of budgeted resources minus the annual contribution from the County".

- **Maintenance of Effort for Montgomery College** requires that the County provide the same amount of local funding as in the previous year. The County Executive's recommendation increases the College's MOE by \$2 million; the College's request increases its MOE by \$10 million.

Public Testimony: The Council heard testimony from students, faculty, and staff from Montgomery College. Speakers advocated for full funding for the College; the ACES program; support for student financial needs; the need for compensation increases for faculty and staff; and the benefits of accessible higher education in Montgomery County. Speakers also highlighted the I-BEST scholarships that the Council funded in FY16 to support students in non-credit workforce development courses. Three speakers raised issues related to the Takoma Park/Silver Spring Math and Science Center, which the Council has considered in its review of the capital budget.

REVIEW OF PROPOSED FY17 EXPENDITURES

I. Enrollment

The College projects an FY17 enrollment of 24,911 students and 492,538 credit hours. These enrollment budget projections are higher than the FY16 budgeted projections. The FY17 enrollment projections are lower than the FY16 actual enrollment figures, which came in higher than was expected. The recent high mark for enrollment was 27,453 students in 2012. The College projects enrollment to level out and then begin to increase again, largely to the projected influx of new County high school graduates.

The College identifies three primary factors related to the recent decreasing enrollment:

1. MCPS is currently experiencing a decreased number of 12th graders, which is anticipated to increase as recent enrollment increases rise through the system.
2. Recessionary years often see an increase in student numbers which tend to decline as the economy improves.
3. Financial aid eligibility has tightened while tuition has risen in the last five years.

More detailed enrollment data from the College's budget submission is attached on circles 18-19.

II. Positions

The College's proposed Current Fund budget adds 12 staff positions: five to support expansion of the ACES program; three toward achieving the promise; and four to transition the early learning centers to the academic program. (Program detail on these requested increases is outlined later in this packet.)

The table below shows the Current Fund position trends by category FY13 through the FY17 request.

Summary of Current Fund Positions					
	FY13	FY14	FY15	FY16	FY17 Req
Instructional Faculty	539.0	538.0	550.0	550.0	551.0
Counselors	63.0	64.0	65.0	64.0	62.0
Administrators	79.5	84.0	85.0	86.0	88.0
Staff	1,029.6	1,029.1	1,085.1	1,093.1	1,104.1
Total	1,711.1	1,715.1	1,785.1	1,793.1	1,805.1

The bulk of the increased positions in this time period were added to the FY15 budget. For many agencies and departments it is useful to compare the FY17 recommended level to the pre-recessionary 2009 staffing levels. In 2009, the College Current Fund supported a total of 1,720 positions, and the total dropped to 1,710 in FY10. Since FY09 the College added very few positions until the FY15 budget increase.

III. Changes outside of the Current Fund

The Executive concurred with the College's requested expenditures in the funds detailed below. These funds are not supported by County tax revenues. Council staff concurs with the College's requested expenditures in these funds.

Workforce Development and Continuing Education **\$18,560,870**

- There is a decrease of \$114,816 from the FY16 approved level.
- There is an increase in State Aid in this fund of \$103,182 or 1.7% over FY16.
- Tuition and fees support 55.7% of this fund.
- State Aid supports 33.0% of this fund.

Cable TV **\$1,715,732**

- This is an increase of \$81,659 over the FY16 approved level.
- \$1,620,732 of this amount is requested from the County Cable Plan.

Auxiliary Enterprises **\$2,695,000**

- This is a 50.2% decrease of \$2.7 million from the FY16 approved level.
- The decrease relates to the transition of the child care centers to an academic program model (detailed below) and transition of the bookstore operations to a third party vendor.
- This fund will continue to support facilities rentals and operations including for MBI Café, the Robert E. Parilla Performing Arts Center Rental, and the Takoma Park/Silver Spring Cultural Arts Center.

Transportation Fund

\$4,400,000

- This is the same level of funding as the FY16 approved level.
- This amount assumes a \$1 increase in the student transportation fee and includes a total Ride-On contribution of \$1.5 million.

Federal, State, and Private Grants

\$19,773,000

- This amount is the same as the FY16 approved level.

Current Fund Consent Items: The Current Fund includes two funds recommended at the same level as in FY16. The Executive concurs with the College’s request for these two areas; Council staff does as well.

- *Emergency plant maintenance and repair: \$350,000.* This fund provides for unanticipated expenditures to make emergency repairs not funded elsewhere in the budget.
- *Tax supported grant funds: \$400,000.* This fund provides for community needs not met elsewhere in the budget and supports the College’s adult literacy programs.

IV. Compensation and Benefits

The College’s FY17 request includes an increase of \$11.2 million related to employee salary and benefit increases. Of this total, \$1.4 million relates to health benefit cost increases.

A total of \$9.8 million is associated with salary improvements and the collective bargaining agreements. The College’s FY17 budget includes a 2.75% general wage adjustment (GWA) and 3.5% service increments for most full-time employees.

The FY17 cost of the service increments for eligible employees is approximately \$5.5 million, and the cost of the GWA is approximately \$4.2 million for all employees. (These figures include part-time faculty in addition to associated FICA and benefit adjustments.) The Government Operations and Fiscal Policy Committee will review compensation and benefits for all agencies on April 21. The College’s proposed GWA is higher than that of the other agencies, which have either a 1% or 2% GWA. However, the College has one increment included while two County bargaining units and the MCPS bargaining units would receive one increment and a second “make-up” increment. Council staff calculates that reducing the GWA to 1% would save approximately \$2.7 million in FY17.

The Council expressed during its operating budget overview and in other discussions that its priority in FY17 is for County residents to experience tangible improvements in services and for County agencies to make investments that impact the achievement gap and other policy goals, particularly if there is to be a property tax increase. The challenge this year for the College, as for other agencies including the school system, will be how to accommodate programmatic investments within the affordability parameters facing the Council.

PROGRAMMATIC REQUESTS

This section outlines the specific programmatic requests included in the College's operating budget. All are more fully discussed in the Board Chair and President's budget letter, and the relevant circle page number is identified for reference.

Affordability: The College's requested increase in the Current Fund over FY16 is \$12.2 million. Of this request, the College requested that \$10 million come from new County funds. The County Executive recommended an increase in County funding of \$2 million. Unlike the FY16 budget discussions, the College and the Executive have largely consistent resource assumptions with the exception of new County funding. After accounting for other resource changes (tuition, State Aid, and use of fund balance), **the County Executive's funding level is \$4.8 million over the FY16 approved level and \$7.3 million less than the College's request for the Current Fund.** The Office of Management and Budget (OMB) submitted additional detail on the assumptions behind the Executive's recommendation, attached on circles 37-38.

1. **Child Care/ Early Learning Centers: \$299,358** (circles 9-10)

The College requests a total of \$623,358 to operate a two room early childhood laboratory school at the Germantown campus. This amount is offset by \$324,000 in anticipated revenue, resulting in a net budget impact of \$299,358.

Background information initially provided by the College is attached on circles 20-25. Councilmembers Navarro and Elrich raised concerns and asked for additional information in an April 8 memorandum (circles 26-27). The College's follow-up response is attached on circles 28-34, with information from the Department of Health and Human Services (DHHS) as well on circles 35-36.

Background

The College has operated for many years three child care/early childhood learning centers, one at each campus. In November 2015, the College announced that it would close the centers in Rockville and Takoma Park/Silver Spring at the end of the fiscal year, in July 2016.

The College cited ongoing operating losses and needed facility investments as the primary rationale behind closing the two centers, in addition to an interest in redesigning the child care service model to one that would enhance training for early childhood education students. The College stated that it would seek tax-supported operating dollars in the FY17 budget to support transitioning the Germantown center to a laboratory school for early childhood integrated into the College's academic program. Through FY16, the College's child care centers had operated as part of the Auxiliary Fund, a non-tax-supported enterprise fund that relies on revenue to support operating expenditures.

Circle 25 shows the five year financial data of revenues and expenditures for the three centers. The College reported that for several years it had been able to subsidize the child care operations through revenues from other Auxiliary Fund activities, primarily the bookstore. However, the College is

at the same time transitioning the bookstore operations to a third party vendor due to financial considerations, which further exacerbates the fiscal impact of the centers.

On circle 21 and 29-30 the College describes the facility repair and maintenance that it deems would be necessary to bring the Rockville and Takoma Park/Silver Spring centers up to code and to make repairs. It estimates that at a minimum, \$300,000 would be needed in Rockville and \$400,000 in Takoma Park/Silver Spring. The College’s stated intent is to sell the Takoma Park/Silver Spring facility and to determine an appropriate use for the Rockville facility, both after the transition of families is complete.

In the 2015 fall semester, the centers had a total enrollment of 76 children: 9 children of faculty and staff; 19 children of students; 29 children from the community; and 19 children through Head Start (circle 24). The College and DHHS are working to assist families with this transition, and where appropriate to connect them to County programs and services. For students currently using the centers, the College is offering financial assistance from July-December 2016.

The College and DHHS are also working to transition the families in Head Start. The College provided transition details on circles 22-23 and 33-34, and DHHS on circle 35. DHHS reports that the Head Start slots currently at the College will be absorbed into the Montgomery County Public Schools (MCPS) in the fall and that the children currently enrolled will be able to automatically enroll into MCPS Head Start PreK for the fall. DHHS also notes that discussions will continue with the College to determine whether the Germantown center could be a community Head Start site in the future. DHHS states that it will begin the process to bid for a community Head Start program in preparation for FY18.

Budget Impact

The College’s request is a net impact of \$299,358 to implement the two-room Germantown program, as detailed below:

STAFF COSTS	
8 learning center employees (1 center manager; 4 lead teachers, 3 teacher asst)	\$ 491,000
Temporary Staff	\$ 15,000
Benefit Costs (FICA & Insurance)	\$ 78,708
Total Staff Costs	\$ 584,708
OPERATING COSTS	
Supplies, refreshments, professional development, other	\$ 38,650
TOTAL BUDGET	\$ 623,358

The Germantown laboratory school has a base budget of \$623,358 for two classrooms. The school is estimated to bring in approximately \$324,000 in revenue which reduces the funding need to \$299,358. The increase in our personnel compliment will be 4. The remaining 4 needed to bring the total count to 8 will be offset by the reduction of 10 staff positions that we did for our permanent reductions.

Councilmembers Navarro and Elrich asked for an estimate of costs to replicate the laboratory school model being implemented in Germantown in the Rockville and Takoma Park/Silver Spring campuses. The College's response on circle 29 estimates an ongoing operating cost of approximately \$624,000 after revenue offsets, in addition to the upfront funding needed to repair the facilities.

Council staff supports the College's funding request for the Germantown program and the College's decision to close the two centers and refocus the third given the ongoing fiscal challenges of operating the centers and the facility issues involved. Council staff appreciates that the closure results in a difficult transition for some families and encourages the College to work closely with DHHS going forward not only for these affected families but for all students with child care needs.

The Committee may want to begin an overarching discussion with the College and DHHS about how best to support the child care needs of the campus communities. It may be that the College as an institution is not the best suited to be a direct child care provider. What other providers, services, or other mechanisms can be leveraged to increase child care supports for Montgomery College families?

2. Scholarships and Grants to Students in Need: \$1,115,000 (circle 8)

The Board of Trustee Scholarship Fund provides grants to students in need and is managed by the financial aid office. Circle 8 highlights that many students have demonstrated need, but do not qualify for State or Federal financial aid. **This requested increase of \$1.1 million would bring the FY17 total to \$4.7 million.**

The College states that the FY16 funding supports 2,440 students in the current academic year. However, the College estimates that over 7,000 additional students would have qualified for this type of assistance, but did not receive a Board of Trustee award due to lack of funding. The FY17 request would serve an additional 1,000 students.

I-BEST scholarships (circle 4): In FY16 the Council funded \$300,000 for scholarships for non-credit job training and skill enhancement courses. Recipients are identified through the College's Community Engagement Centers, other College programs, and through community agencies. The College expects to serve 75 students through this program in this fiscal year, with an average award of \$3,750, and offered the following description:

The students enroll in one course - either the MI-BEST versions of the Certified Nursing Assistant (CAN) or the Certified Apartment Maintenance Instruction. They receive additional instruction in English, basic skills, and workforce readiness along with the vocational instruction. They also receive additional support in understanding career choices and social service referrals from a career navigator. A job developer provides coaching and employment search strategies, links to internships and employment, and follow-up assistance to ensure on-the-job success.

The College notes that for "workforce scholarship or noncredit training courses/programs there is virtually no federal financial aid (PELL) and/or other scholarships in general". These scholarship funds

were appropriated in the Department of Economic Development in FY16 and implemented through the College's Foundation. **The funds are not included in the Executive's FY17 recommended budget for the College or any County department.**

3. ACES Expansion: \$590,000 (circle 8)

The FY16 budget adds 5 positions to expand the Achieving Collegiate Excellence and Success (ACES) program to: add an additional two high schools, serving 240 additional students; add two coaches to support the 800 ACES students expected on the Montgomery College campus next year; and add an assistant director. Currently the program serves over 1,700 students and supports ACES coaches in 10 high schools.

The program began in the fall of 2013 and is designed to address barriers that prevent low income students from completing college. Students are assigned an academic coach during their junior and senior years in high school. The Education Committee received a briefing on this program in September 2014 and discussed the success and impact that this program has had in its initial implementation.

Funding history: The College initially reallocated \$1.0 million of existing resources for the program's initial stages. The Council approved \$500,000 of funding in the FY14 operating budget to support the program; another budget increase of \$460,000 in FY15; and added \$158,000 in FY16. **The requested FY17 increase would bring the program total to \$2.1 million.**

4. Achieving the Promise Initiative: \$500,000 (circle 9)

The transmittal letter on circle 9 details the Achieving the Promise Initiative and this budget request to create an Achieving the Promise Academy (ATPA). This initiative will build on the FY16 efforts to employ 35 part-time faculty as coaches for students in this academy, and anticipates serving an additional 400 students and adding 8 more part-time faculty coaches. The budget resources are identified to "reach a greater number of students and to assess the ATPA and identify strengths and opportunities for improvement".



Office of the President

February 8, 2016

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

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

Dear Mr. Leggett and Ms. Floreen:

At the outset of this semester, we asked our faculty and staff to be more, to do more to drive student success, and to see that the future of our county, our beloved community, depends on their good work, both inside and outside the classroom. We ask the same of our county: to be more, to do more, so that our students can thrive and become active participants and contributors to all that Montgomery County is and will be.

To that end, Montgomery College seeks a total appropriation of \$263.7 million. This is an increase of \$12.2 million or 4.85 percent over fiscal year 2016. We request a contribution of \$10 million from the county, the majority of which will help meet our collective bargaining agreements with our faculty, part-time faculty, and our staff.

Specifically, the College seeks resources to help fund compensation enhancements and benefit cost increases; to expand, modestly, both our Achieving Collegiate Excellence and Success program (ACES) and our efforts to close the achievement gap—the Achieving the Promise initiative, an effort to unleash the potential of every student; and to enhance funds for institutional financial aid for students.

BUDGET PRIORITIES

Exercising Fiscal Prudence

This year, we renewed our effort to manage our resources carefully and spend cautiously. In preparing for fiscal year 2017, the College made permanent reductions in operations, accrued savings as directed beyond the county's target set for our institution, and assumed a greater

The Honorable Isiah Leggett
The Honorable Nancy Floreen
Members of the County Council
February 8, 2016
Page 2

tuition rate increase than last year. Additionally, in an effort to improve the efficiency and effectiveness of our operations and to limit operating budget impacts, we will outsource the retail operations of our bookstores, and eliminate two early learning (child care) centers on our campuses. We also chose to forego additional staff positions commensurate with the opening of a new facility on the Rockville Campus. Also, we have not budgeted for additional part-time faculty despite the expected growth in the number of classes students will take next year. With the leadership of the Board of Trustees, the College has made fiscal prudence a priority; we have made these difficult choices to respond to the current fiscal environment and to maximize the use of the public resources. These combined efforts lowered the budget gap for fiscal year 2017 by almost 50 percent.

Advancing Excellence

Our highest priority is to continue to advance excellence at this institution as evidenced in our *Montgomery College 2020* strategic plan. We will ask our faculty and staff to embrace and practice radical inclusion. In higher education, that means working to ensure the success of every student. To set about this purpose, we must upend our institution to profoundly change how we think and act. We must step away from the traditional notions in higher education that the success of some is acceptable—that collegiate success is the province of the few. Yes, even the democratic and open access institutions of community colleges operate on this idea. Our colleges will give every student a seat in a classroom. Yet, ultimately we are content with the some that succeed. But no more will we meet students at the starting line and wait to see who crosses the finish line. Instead, we will open our eyes to see that for some the race is an obstacle course, a marathon, not a clear linear path to the finish line. No longer will we let these obstacles beset our students and allow them to languish on the sidelines. Instead, guided by the core values that cause our college to open our doors to all, we will see the potential in every student and bend the institution to help them unleash their potential.

So, with clear eyes and deep intention, we will focus on the success of *every* student and make students the center of every decision—to make deeper our commitment to success for all. As an institution that stands at the epicenter of our community's future, we cannot stand across from our students on their educational journey. Instead, we must encircle all of our students to better understand their needs, their challenges, and their barriers to success. Together faculty, staff, and the institution will foster greater academic achievement—we will teach, usher, guide, mentor, and cheer our students across the finish line.

To achieve full inclusion and equity in success, we must also be able to quantify our findings and measure our efforts. Last year, the College crafted a Student Success Score Card—a key goal outlined in our strategic plan—with success indicators as a tool to track our progress. This tool helps leadership plan, provide strategic guidance, and prioritize resources. The Score Card also provides faculty and staff a gauge to measure their work, to help them understand the impact of their work, and to understand the importance of centering their efforts on the students they serve.

The Honorable Isiah Leggett
The Honorable Nancy Floreen
Members of the County Council
February 8, 2016
Page 3

This year, as the result of an initiative of our committed faculty and staff, the College has been invited to join Achieving the Dream (ATD). This national organization and network of colleges dedicated to student success is underwritten by the Lumina Foundation, which is focused on “low income students and students of color completing their education.” In other words, equity is their agenda. ATD encourages and supports evidence-based institutional improvement. It partners with colleges, like ours, and provides coaches, advisors, and networks to support student success goals. ATD offers a strong tool box to strengthen the efforts that we are already making and provides us with new strategies to advance excellence at Montgomery College.

In the end, excellence happens because of the daily effort put forth by our faculty and staff who put students at the epicenter of their work and continue to embrace efforts to drive student success. Our employees will aim to practice radical inclusion so that every student, no matter the challenges faced, will succeed and achieve the promise of higher education. Please support the funds necessary to provide salary enhancements for our dedicated faculty and staff, whom we challenge to strive every day to raise the bar, to spur innovation inside and outside the classroom—to be more, to do more, to strive for more for the sake of equity in achievement. Help us help our dedicated employees, like 2015 Maryland Professor of the Year Nevart Tahmazian, to close the achievement gap so that every student can achieve the promise and more.

Protecting Affordability and Enhancing Access

We are grateful for your continued commitment to an affordable yet high quality, locally provided postsecondary education. Poverty is the biggest barrier to obtaining a postsecondary credential, yet an education is the surest path out of poverty. Furthermore, many more jobs of the future require a postsecondary education. This conundrum makes your community college central to ensuring Montgomery County will be a thriving community in the years to come.

Nationally, we know that less than eight percent of students from the lowest income quartile achieve a baccalaureate degree within six years of high school graduation. Locally, we know that the debt load of our students has grown by 154 percent since 2011, making it difficult to transfer and afford a baccalaureate degree or support the local economy. Applications for financial aid have skyrocketed over the last several years. Today, 30 percent of our students qualify for a Pell grant, a form of federal financial aid for low income students—up from 25 percent since 2012. The families at Montgomery College who have qualified for Pell have an average household income of \$27,000. Yet, many Pell recipients do not get enough aid to cover the entire cost of their education leaving them to scramble to find resources to pay the last bit of tuition or buy books. Attending college part time makes achieving a degree harder. Nationally, less than eight percent of part-time students complete an associate’s degree within four years of high school graduation. Clearly, part-time attendance gets in the way of completion and is a very slow path to economic security or success. The majority of our students attend part-time. Students who qualify for grants but do not receive them generally do not enroll. Last year, 7,000 students who qualified for a grant and did not receive one, did not

The Honorable Isiah Leggett
The Honorable Nancy Floreen
Members of the County Council
February 8, 2016
Page 4

enroll. That is the equivalent to the total student population at Clarksburg, Montgomery Blair, and Walter Johnson high schools.

The need for an affordable postsecondary education will continue to grow in our community. Seemingly every day, we hear new statistics about the number of Montgomery County Public Schools students qualifying for free and reduced meals. Today, 40 percent of students in kindergarten through 5th grade are now eligible.

We believe it is imperative to increase the institutional aid available to our students. We hope you will support our efforts by keeping the growth of tuition revenue modest and supporting additional resources to lower the biggest barrier to success. It is a good investment in our collective futures because 77 percent of Montgomery College graduates stay local and enter the workforce. Our alumni—like Martin Mayorga, founder of Mayorga Coffee—help make Montgomery County all that it is today and can be tomorrow.

On a related note, we wish to thank you again for the county's support of our MI-BEST program last year. Given that there is little financial aid available for students who seek job training and skill enhancements, we are most grateful for the funds you provided to support students in this program. One cohort of 15 students has finished and one cohort of 14 is near completion. With two more cohorts beginning soon and, possibly, one more before the end of the semester, we hope to stretch our funds to serve a total of 75 students. Thank you for supporting this important program.

Driving Student Success

Open access to a postsecondary education is the cornerstone of our mission as a community college—providing open doors to all who wish to improve the trajectory of their lives through education. But our community can no longer afford a mission of access alone. Instead, we must look back briefly to review our accomplishments to date as we have done in our “Milestone Moments” project—a copy of the report is enclosed—and, then, swiftly look forward to build a stronger foundation of success for all, and endeavor to embrace radical inclusion, if we are to achieve equitable student outcomes. We must spur excellence in the classrooms and continue to build support outside the classroom—to find innovative ways to nurture each student. Your help is necessary and we ask to embrace and help underwrite key initiatives.

Last year, we reframed conversations about the achievement gap from a deficit perspective and renamed our efforts—Achieving the Promise—to acknowledge and capitalize on the assets that our students possess. With the resources you provided last year, we began this effort and hired a small cadre of part-time faculty coaches to aid in our efforts outside the classroom to foster student success. Building on the lessons learned from ACES and the recommendations of the closing the achievement task forces, this cadre of “coaches,” or mentors, will guide 1,500 students to achieve their highest potential. These coaches will form the core of the focused and intentional efforts of our Achieving the Promise initiative to unleash the potential of all of our students. Given that we serve 35,000 credit students annually, we have asked our faculty and

The Honorable Isiah Leggett
The Honorable Nancy Floreen
Members of the County Council
February 8, 2016
Page 5

staff to renew their individual efforts to craft new ways or tools to engage students—to listen carefully to our students, to hear their needs, and to respond with everything from changing advising practices to implementing innovative instructional methodologies in the classroom. We have asked them to think critically about this notion of radical inclusion—what it means for each student they engage and how this interaction can drive student achievement. Our employees will rise to the task if only evidenced by their efforts to solicit and gain participation in the Achieving the Dream program.

This year we seek your help to grow the Achieving the Promise effort with resources to create and implement the Achieving the Promise Academy.

Additionally, we seek a modest expansion of ACES. This program, which now serves 1,700 students, continues to demonstrate positive results with participating students outpacing their peer students on an array of progress and completion metrics.

If we are to truly deliver the future we collectively want—a dynamic workforce, a vibrant local economy, and a community filled with opportunity for all—we ask you to continue your profound commitment to education. More specifically, we ask you to engage in radical inclusion, too. Please give the residents who require an affordable, high quality, locally provided postsecondary education to drive their success—to be ready workers and vital members of our community—your utmost attention as you deliberate the county’s revenue needs and budget allocations. Help us break the down the barriers to completion. Help us help our students unleash their unlimited potential and drive equity in student success. Help us help you build the Montgomery County of tomorrow.

FISCAL BACKGROUND

Demonstrating Fiscal Stewardship

We complied readily with the county’s request issued last summer to save \$2.5 million in fiscal year 2016 to fund the fiscal year 2017 budget. Additionally, the College solved almost half of our budget gap ourselves—\$11.2 million of our \$23.2 million projected fiscal year 2017—by initiating a planned tuition increase that will raise \$3.2 million in revenue, and implementing permanent budget reductions of \$2.9 million and with the use of \$1.4 million in fund balance. The Board of Trustees plans to ask for more from our students with a 3.7 percent tuition increase. This increase will balance the support needed from taxpayers. We will forgo the expense of additional part-time faculty, despite the expected increase of 5,234 credit hours. Furthermore, we abandoned plans for new information technology and academic cost increases for the opening of a new building. Together, these actions helped narrow the budget gap significantly.

To minimize any potential burden on the operating budget and maximize service to our students, we made decisions to change how we operate our early learning centers and our bookstores.

The Honorable Isiah Leggett
The Honorable Nancy Floreen
Members of the County Council
February 8, 2016
Page 6

Projecting Enrollment

Overall, enrollment remains stable, and Montgomery College continues to have the largest enrollment of all community colleges in Maryland. Our fall 2015 credit enrollment was 25,320 credit students, down slightly from the fall 2014 enrollment of 25,517 students. We are the third largest undergraduate institution in the state, behind the University of Maryland College Park and University of Maryland University College, an online school serving students all over the world.

Credit hour enrollment determines our tuition revenue. In fiscal year 2017, we project credit hour enrollment increase 5,234 credit hours—meaning students are taking more classes. This is a one percent increase over last fiscal year’s projection. For fiscal year 2016, the College is experiencing higher than projected increases in both the fall and spring credit hour enrollment. This is good news for revenue projections and student outcome metrics—students who take more courses complete a degree sooner.

Additionally, the College continues to experience growth in certain high demand areas. For example, the combined enrollment in science, technology, engineering, and math (STEM) programs has increased nearly 60 percent over the last five years and teacher education program enrollment grew 75 percent over the same time period. We also experienced a 15 percent growth in our business program and a steady increase of student majors for a recently added communication studies program.

However, we project our “headcount” enrollment to decline slightly next year, because of the projected decrease in the Montgomery County Public Schools 12th grade population in the 2015–2016 school year. While we anticipate our “draw rate” of county high school graduates to remain at 25 percent, the decrease in the total number of possible MCPS graduates leads us to lower our expected enrollment in the fall semester of 2016 to 24,911 credit students.

We are concerned, as noted, about the growing rate of poverty in our community, its impact on our residents’ quality of life, as well as its impact on College enrollment.

REVENUE SOURCES

State Aid

The College’s anticipated state aid is \$42.2 million in fiscal year 2017. Of that, the current fund would receive \$36 million, a 6.1 percent increase from the prior year. This year’s increase is a result of the governor’s use of the John A. Cade Funding Formula in his proposed budget. For fiscal year 2016, the College received a net reduction of \$852,150 in state aid over the previous fiscal year.

The governor has asked the legislature to introduce legislation to eliminate funding formulas. However, members of the general assembly have introduced legislation to enhance the Cade

The Honorable Isiah Leggett
The Honorable Nancy Floreen
Members of the County Council
February 8, 2016
Page 7

Funding Formula for community colleges, which determines state aid for the College.

Tuition Increase

The College anticipates a \$4/\$8/\$12 per-credit-hour increase in tuition for in-county/in-state/out-of-state students. The Board of Trustees acts on tuition rates in April. The consolidated fee charged to students will also increase because it is calculated as a percentage of tuition. Also, this budget reflects a \$1 increase in the transportation fee to support the bonds for the new Rockville Campus parking garage. With these proposed increases, the average full-time student will pay \$4,902 next year, a 3.7 percent increase from last year. Overall, tuition and related fees are expected to generate \$84.1 million, an increase of \$2.9 million above last year.

Savings

The College saved \$2.5 million in fiscal year 2016, as requested by the county, for use in fiscal year 2017. Additionally, the College added another \$1.4 million to fund balance for a total commitment of \$3.9 million of resources to fund the fiscal year 2017 budget. Leaving \$4.5 million in reserve for fiscal year 2017

County Support

To help fund next year's operations, we respectfully request \$10 million in county support and an increase in our personnel complement by 12. Approximately \$2.5 million of the request will fund important student centered initiatives and the remaining \$7.5 million will fund two-thirds of our compensation and benefit cost increases. Five positions will expand our ACES program, three positions will support our Achieving the Promise initiative, and four positions will staff the early learning center at Germantown as we transition it to the operating budget.

EXPENDITURE REQUESTS

The Current Fund expenditure appropriation request totals \$263.7 million, representing an increase of \$12.2 million or 4.85 percent over last year.

Advancing Excellence with Compensation and Benefits for our Employees— \$11,200,000

This budget request includes an increase of \$9.8 million for compensation-related increases, driven primarily by our three collective bargaining agreements as well as a change in the county minimum wage rate. We have a nine-year comprehensive agreement with our full-time faculty union wherein compensation is reviewed every three years. Fiscal year 2017 is the last year of a three-year agreement in place with our part-time faculty union. We expect to conclude negotiations with our staff union by March. Staff compensation is included in this request.

The Honorable Isiah Leggett
The Honorable Nancy Floreen
Members of the County Council
February 8, 2016
Page 8

In fiscal year 2017, our employee benefit costs will increase by \$1.4 million, a 4.25 percent increase over last fiscal year. The increase of \$1.2 million for our group insurance is from a higher number of claims and higher prescription drug costs. To minimize these increases, the College instituted several plan changes resulting in estimated savings of \$470,000.

Driving Completion with Scholarships—\$1,115,000

As noted earlier, poverty is the biggest barrier to obtaining a postsecondary education. This budget assumes an increase of \$1,115,000 to the Board of Trustee (BOT) Scholarship Fund to provide grants to students in need. Scholarships and grants awarded from this fund are managed by the College's financial aid office. This additional funding will help low income students pay for the cost of attendance including tuition, fees, and books. Many students have demonstrated need but do not qualify for state or federal financial aid.

With a grant from the College, a student in need is more likely to enroll. Although 82 percent of students awarded BOT grants and scholarships enrolled at the College, we are concerned for the 7,000 students who qualified, but did not receive a grant because resources ran out. The average BOT award is \$1,000 per student. Funding these additional grants, will help us assist approximately 1,000 additional students.

Achieving Collegiate Excellence and Success (ACES)—\$590,000

ACES is a partnership led by Montgomery College in concert with our public schools and the Universities at Shady Grove. This effort guides students who are underrepresented in higher education *to* college and *through* college. Coaching is the key element. Today, we embed Montgomery College coaches in 10 of our county's 25 high schools—one per school to date.

Currently in its third year, over 1,700 students are now enrolled in ACES, with over 1,200 students at the partner high schools. There are 481 ACES students now attending the College. The program is highly successful: ACES high school students exceeded other recent high school graduates on several measures. Their course pass rates at the College have surpassed non-ACES recent high school graduates (77 percent for ACES, 72 percent for others); their GPAs are higher (2.65 for ACES, 2.12 for others); and their fall-to-spring retention has soared over their peers (91 percent for ACES, 71 percent for others).

Our request includes funds to expand to two high schools: Blake and Paint Branch. With this expansion, we will reach an additional 240 students. Also, we will hire two additional coaches to support the 800 ACES students we expect on campus next year. An assistant director will strengthen the program by pursuing grants and donations, creating a stronger parent education component, facilitating community collaboration, and assisting the director with daily administration. Additional funding will also support tutoring and operational items for ACES students.

The Honorable Isiah Leggett
The Honorable Nancy Floreen
Members of the County Council
February 8, 2016
Page 9

Achieving the Promise and Unleashing Student Potential—\$500,000

The College will continue our Achieving the Promise initiative to unleash the potential of our African American and Latino/Latina students. Specifically, we will create an Achieving the Promise Academy (ATPA) along with complementary set of student centered initiatives. Grounded in empirical research on student success, the ATPA will create and oversee small cohorts for 1,500 student participants. Students will benefit from collaboration and closer relationships with coaches, mentors, faculty, learning centers, and peers—all well documented factors that contribute to student success. During the 2016 spring semester—thanks to your support—the College began this effort by employing 35 part-time faculty as ATPA coaches.

Additional financial resources are needed to reach a greater number of students and to assess the ATPA and identify strengths and opportunities for improvement. This budget includes three full-time staff associates to (1) examine and leverage data culled from ATPA, (2) expand faculty professional development with a specific emphasis on culturally responsive pedagogy and active teaching strategies, and (3) coordinate the day-to-day operations for ATPA, including leveraging the good work of our existing faculty and staff. In addition, the budget anticipates the addition of eight more part-time faculty coaches, thus reaching an additional 400 students. The remainder of the funds will be used to send students, staff, and coaches to a Montgomery College co-sponsored *Black, Brown, and College Bound* summit hosted by Hillsborough Community College in Tampa, Florida, as well as operational costs.

Enhancing Teacher Education/Embedding the Early Learning Center in Academics—\$299,000

In fiscal year 2017, the early learning (child care) center at the Germantown Campus center will become fully integrated into the Education and Social Sciences Department and accessible to all the disciplines providing opportunities for meaningful learning and research. Most importantly, as a dedicated laboratory for the School of Education, it will be an important augmentation to the teacher education program as an applied learning environment for our students.

Although our current early learning centers, one on each campus, provide quality child care for our students, employees, and the community, we made the difficult decision to close the centers at the Rockville and Takoma Park/Silver Spring campuses at the end of the current fiscal year to minimize the impact on the operating budget while providing an enriched program for future teachers. This realignment places the focus of our center on student learning through observation and practicum opportunities at what will be a true learning center for our students and the children.

The decision to close two of our early learning centers was made after careful consideration of several factors, including the aging of the facilities and associated costs, increasing expenditures and decreasing revenues, resulting in a net loss for the past several years, and the impact on those served by the centers. The remaining center will become an integral part the

The Honorable Isiah Leggett
The Honorable Nancy Floreen
Members of the County Council
February 8, 2016
Page 10

education program, and hence the expenditures will move from the enterprises fund to the current fund in the operating budget.

The operations of the remaining center will consist of two classrooms and require eight staff positions. Funds are requested to help defray the cost of four positions and daily operations. The remaining four staff will come from reallocating existing positions.

Please note that the College will do its best to minimize the impact on our valued and longstanding employees and the families served by our early learning centers.

OTHER FUNDS

Emergency Plant Maintenance and Repair Fund—\$350,000

The Emergency Plant Maintenance and Repair Fund is a spending affordability fund. We request an appropriation of \$350,000 and county funding equal to last year's amount (\$250,000), plus the use of fund balance of \$100,000. This funding is crucial for supporting our emergency maintenance needs.

Workforce Development & Continuing Education Fund—\$18.6 Million

We request appropriation authority to spend \$18,560,870 for the Workforce Development & Continuing Education Fund. This is a less than one percent decrease compared to the fiscal year 2016 budget.

More than 24,000 students enrolled in our Workforce Development & Continuing Education programs. The College is a popular choice for students seeking career programs to earn certifications in the health sciences, trades, and management as well as programs for personal enrichment and development. These students rely heavily on our Workforce Development & Continuing Education programs.

Auxiliary Enterprises Fund—\$2.7 Million

We request appropriation authority to spend \$2.7 million for the Auxiliary Enterprises Fund. This request reflects the operational changes of our retail bookstores and early learning centers. The appropriation authority will continue to cover expenditures associated with the Parilla Performing Arts Center, the student operated MBI Café, other facilities rentals, any contingency for the transition operations, and enhanced student centered services.

With the advancement of alternative textbook resources and the various means in which students can purchase textbooks, the current business model for our college-based bookstore lacked sustainability. Careful reviews conducted internally and externally led us to conclude that our bookstore business model is not sustainable and is not the best option for our students. Thus, the College decided to transition to a third-party vendor to operate our bookstores and

The Honorable Isiah Leggett
The Honorable Nancy Floreen
Members of the County Council
February 8, 2016
Page 11

related operations. Third-party vendors are able to employ economies of scale and modern business practices that offer greater selection and convenience to students while managing costs. This transition will take place in spring of 2016. The request includes expected expenditures resulting from the third-party book store operations.

Given the operational changes of the early learning centers described earlier in this letter, no appropriation authority is needed from this account to manage their operations.

50th Anniversary Endowment Fund—\$263,000

We request appropriation authority to spend \$263,000 from the 50th Anniversary Endowment Fund for planning associated with the Pinkney Innovation Complex for Science and Technology at the Germantown Campus.

Cable TV Fund—\$1.7 Million

We request appropriation authority to spend \$1.7 million. The source of revenue for this fund is primarily the county's cable plan. The Cable TV Fund will increase closed-captioning programming, increase multicultural and foreign language programming, and support community outreach as the College completes the technical transition to high-definition programming.

Grants Fund—\$20.2 Million

We request Grants Fund appropriation authority to spend \$20.2 million. Of this amount, \$400,000 is requested in county funds for the Adult ESOL/Adult Basic Education/GED program. This is the same amount as was appropriated in fiscal year 2016.

Transportation Fund—\$4.4 Million

We request appropriation authority to spend \$4.4 million. The Transportation Fund is comprised entirely of user fees from students and employees, including parking enforcement revenue. All revenue will be used to pay for lease costs related to the Takoma Park/Silver Spring West Parking Garage and the Rockville North Garage as well as fund student transportation alternatives for our students, Ride On bus service and the MC shuttle. The Board of Trustees is expected to approve a \$1 per-credit-hour transportation fee increase to support the Rockville Parking Garage at its April meeting. This will change the transportation fee from \$6 to \$7 per credit hour. This is the same amount as was appropriated in fiscal year 2016.

Major Facilities Reserve Fund—\$3.5 Million

We request appropriation authority to spend \$3.5 million. The amount of the appropriation will cover the 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

The Honorable Isiah Leggett
The Honorable Nancy Floreen
Members of the County Council
February 8, 2016
Page 12

county funds are requested.

CONCLUSION

On behalf of the Montgomery College Board of Trustees, we respectfully request total appropriation authority of \$315,317,420.

We appreciate your careful review and consideration of this operating budget request.

Sincerely yours,



Marsha Suggs Smith
Chair, Board of Trustees



DeRionne P. Pollard, PhD
President

MONTGOMERY COLLEGE

FY 2017 CURRENT FUND

	(000s)
FY 2016 Final Budget	\$251,468
Change for compensation (incl FICA)	9,792
Change for benefits	1,453
Change for Scholarships	1,115
Change for ACES expansion	590
Change for Closing the Achievement Gap initiatives	500
Same Service	462
Change for new buildings	522
Change for Early Learning Centers	624
Change for reductions to units budgets	<u>(2,866)</u>
Total	12,192
FY 2017 Budget Request	\$263,660

MONTGOMERY COLLEGE

SOURCES OF FUNDS AND EXPENDITURES

Current Fund

	<u>FY 2017 Budget</u>	<u>FY 2016 Budget</u>	<u>FY 2015 Actual</u>
SOURCES OF FUNDS			
Tuition and Related Charges	\$ 82,558,951	\$ 79,792,029	80,037,910
Other Student Fees	1,511,963	1,395,656	1,384,769
County Contribution	137,633,727	127,633,727	116,733,727
State Aid	36,141,583	33,981,176	32,974,238
Fed. State & Priv. Gifts & Grants	325,000	325,000	288,795
Other Revenues	1,649,000	1,325,000	1,774,498
Revenue Transfers			
Use of Fund Balance	3,839,594	7,015,607	
TOTAL SOURCES OF FUNDS	<u>263,659,818</u>	<u>251,468,195</u>	<u>233,193,936</u>
EXPENDITURES			
SALARIES AND BENEFITS	216,285,760	204,324,155	189,762,318
OTHER OPERATING EXPENSES			
Contracted Services	20,562,462	21,748,056	24,063,006
Supplies	7,242,225	7,187,635	6,614,491
Communications	1,191,334	1,189,784	853,498
Conferences and Meetings	2,759,071	2,539,839	1,962,456
BOT Grants	4,722,396	3,857,396	3,662,754
Utilities	8,053,295	7,782,755	7,430,393
Fixed Charges	2,256,375	2,251,675	2,234,952
TOTAL OTHER OPERATING EXPENSES	<u>46,787,158</u>	<u>46,557,140</u>	<u>46,821,551</u>
FURNITURE AND EQUIPMENT	586,900	586,900	823,722
TOTAL EXPENDITURES	\$ 263,659,818	\$ 251,468,195	\$ 237,407,590

MONTGOMERY COLLEGE

SOURCES OF FUNDS AND EXPENDITURES

(000s)

Current Fund

SOURCES OF FUNDS	FY 2017 Budget	FY 2016 Budget	Increase/Decrease	
			Amount	%
Tuition and Related Charges	\$82,559	\$79,792	\$2,767	3.5
Other Student Fees	1,512	1,396	116	8.3
County Contribution	137,634	127,634	10,000	7.8
State Aid	36,141	33,980	2,161	6.4
Fed'l., State & Private Gifts & Grants	325	325	-	-
Other Revenues	1,649	1,325	324	24.5
Subtotal	259,820	244,452	15,368	6.3
Nonmandatory Transfers	0	0	0	0.0
Use of Fund Balance	3,840	7,016	(3,176)	(45.3)
TOTAL SOURCE OF FUNDS	263,660	251,468	12,192	4.8
EXPENDITURES				
SALARIES & BENEFITS	216,286	204,324	11,962	5.9
OTHER OPERATING EXPENSES:				
Contracted Services	20,563	21,747	(1,184)	(5.4)
Supplies and Materials	7,243	7,188	55	0.8
Communications	1,191	1,190	1	0.1
Conferences and Meetings	2,759	2,540	219	8.6
Scholarships	4,722	3,857	865	22.4
Utilities	8,053	7,783	270	3.5
Fixed Charges	2,256	2,252	4	0.2
Subtotal	46,787	46,557	230	0.5
FURNITURE AND EQUIPMENT	587	587	0	0.0
SUBTOTAL EXPENDITURES	263,660	251,468	12,192	4.8
MANDATORY TRANSFERS	0	0	-	-
TOTAL USE OF FUNDS	\$263,660	\$251,468	12,192	4.8

MONTGOMERY COLLEGE

EXPENDITURES BY PROGRAM

Current Fund

	<u>FY 2017 Budget</u>		<u>FY 2016 Budget</u>		<u>FY 2015 Actual</u>	
	<u>\$</u>	<u>% of Total</u>	<u>\$</u>	<u>% of Total</u>	<u>\$</u>	<u>% of Total</u>
Instruction	\$86,882,300	32.95	\$81,507,664	32.41	\$78,834,537	33.21
Academic Support	44,020,588	16.70	42,084,922	16.74	38,267,668	16.12
Student Services	34,023,336	12.90	32,571,287	12.95	27,128,005	11.43
Operation and Mtc of Plant	44,417,760	16.85	36,129,365	14.37	34,201,651	14.41
Institutional Support	49,350,938	18.72	55,325,061	22.00	55,312,976	23.30
Scholarships/Fellowships	<u>4,964,896</u>	<u>1.88</u>	<u>3,849,896</u>	<u>1.53</u>	<u>3,662,754</u>	<u>1.54</u>
TOTAL	\$263,659,818	100.00	\$251,468,195	100.00	\$237,407,590	100.00

MONTGOMERY COLLEGE

SUMMARY OF EXPENDITURES

Current Fund	(000s)		
		<u>FY 2017 Budget</u>	<u>% of Total</u>
EXPENDITURES			
Salaries and Benefits		\$216,286	82.0
Contracted Services		20,563	7.8
Supplies and Materials		7,243	2.7
Communications		1,191	0.5
Conferences and Meetings		2,759	1.0
BOT Grants		4,722	1.8
Utilities		8,053	3.1
Fixed Charges		2,256	0.9
Subtotal		<u>46,787</u>	<u>17.7</u>
FURNITURE & EQUIPMENT			
Additional		587	0.2
Subtotal		<u>587</u>	<u>0.2</u>
TOTAL EXPENDITURES		<u><u>\$263,660</u></u>	<u><u>100.0</u></u>

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				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fall Semester											
County Residents											
New Residents											
High School Graduates Immediate, Delayed, Entry, and Early Placement	4,771	4,662	4,948	4,613	4,745	4,628	4,434	4,581	4,880	4,849	4,976
Adult County Residents - Graduated High School More than 3 Years Prior	1,986	2,011	1,986	1,874	1,814	1,877	1,875	1,872	1,870	1,868	1,865
Returning Students	16,633	17,646	17,726	16,984	16,243	16,011	15,836	15,561	15,430	15,528	15,573
Non-County Residents											
Maryland Residents	1,190	1,273	1,404	1,336	1,308	1,414	1,385	1,336	1,313	1,301	1,383
Out-of-State Residents	1,435	1,404	1,389	1,348	1,407	1,390	1,382	1,365	1,365	1,375	1,381
TOTAL ENROLLMENT	26,015	26,996	27,453	26,155	25,517	25,320	24,911	24,715	24,858	24,921	25,178

MONTGOMERY COLLEGE

ENROLLMENT PROJECTIONS

TOTAL COLLEGE TOTALS

FISCAL YEAR	ACTUALS			PROJECTIONS				
	2014	2015	2016	2017	2018	2019	2020	2021
Students								
Summer (A)	6,286	6,234	5,982	5,792	5,747	5,780	5,795	5,854
Summer (B)	8,338	7,830	7,808 +	7,679	7,618	7,662	7,682	7,761
Fall	26,155	25,517	25,320	24,911	24,715	24,858	24,921	25,178
Winter	1,508	1,378	1,368 +	1,349	1,340	1,350	1,360	1,375
Spring	24,597	24,424	24,177 +	23,778	23,591	23,728	23,788	24,033
Total Students	66,884	65,383	64,655 +	63,509	63,011	63,378	63,545	64,202
Credit Hours								
Summer (A)	24,251	24,146	22,661	22,033	21,860	21,986	22,042	22,269
Summer (B)	33,382	30,535	30,484 +	29,981	29,745	29,917	29,993	30,302
Fall	238,132	230,541	228,856	225,086	223,315	224,607	225,176	227,499
Winter	4,180	3,895	3,863 +	3,815	3,785	3,800	3,815	3,850
Spring	220,915	217,431	215,170 +	211,623	209,958	211,173	211,708	213,892
Total Credit Hours	520,860	506,548	501,033 +	492,538	488,663	491,483	492,734	497,812

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
Office of Administrative and Fiscal Services
Questions and Responses to Essie McGuire
Senior Legislative Analyst
Montgomery County Council
240-777-7813

1. **Please clarify the capacity and enrollment at each of the three current centers. Please also clarify how many of the enrolled children are children of students, how many are Head Start, and how many are both. If available, please also detail how many enrolled children are children of MC employees. If possible, please provide this information for the past 3 years.**

Montgomery College Early Learning Centers are accredited by the National Association for the Education of Young Children (NAEYC). Accreditation standards require a teacher/student ratio of 1:8. Each classroom will have 4 teachers in order to cover the full hours of operation and to ensure children are always covered according to the 1:8 ratio.

Please see attachments for enrollment data.

2. **What is the planned capacity for the Germantown center in the future? What programming and services will be provided, and what kinds of augmentation or enhancement are being contemplated?**

The capacity is 16 based on NAEYC accreditation standards which require a teacher student ratio of 1:8.

The purpose of the redesign was to create a Laboratory School. Laboratory Schools fulfill a 3-part mission.

- Facilitate research endeavors designed to learn more about how children grow and develop and how they should be educated
- Change the focus from providing child care services to training and educating child care professionals for the County workforce
- Enhance the availability of childcare workers to meet the demands for quality child care in the County
- Provide exemplary educational facilities for young children while educating college students about child development and early childhood education
- Serve the early childhood professional community in the form of providing training, educational presentations, membership on advisory boards, etc.

The benefits of this redesign include the following.

- Align with national best practices in Laboratory School programs in community colleges and universities
- Change the focus from childcare services to an applied learning laboratory for students in academic programs
- Enhance the early childhood education program and other academic programs with a thoroughly integrated approach with the education programs
- Enhance alignment of curriculum and coursework through an applied learning environment

- Optimize the use of the existing state-of-the-art center on the GT campus
 - Increase opportunities for research and collaboration
 - Mitigate continuing and deepening financial losses
3. **We would like to better understand the nature of the facility improvements that would be required at the Rockville and Takoma Park locations. Please provide additional description of the facility issues. The memorandum regarding the centers referenced \$1 million as a rough cost estimate. Please provide any available breakdown of this estimate by location. Are there plans to use the Rockville space for another purpose other than child care? Are any facility modifications needed for its future use?**

The Rockville campus child care center was constructed in 1985 making it a 31 year old structure. It is a single story structure. The facility does not meet current ADA standards. The roof is in fair condition. The most recent roof repairs were completed in 2007. The estimated cost to bring the facility into compliance and address the roofing issue is \$300,000. This does not include any infrastructure issues that most likely exist that will be uncovered as part of the aforementioned repairs to bring the facility up to the quality standards of the Germantown center. Furthermore, the cost to mitigate the deferred maintenance items for the Rockville and Takoma Park/Silver Spring campuses make offsetting the operational losses more complex and costly.

The Rockville campus building is located within the college campus, unlike the facility at TPSS, and the interior space is not appropriate for office or academic classroom space. Once the center is vacated through the transition process, the College will determine its use.

The Takoma Park/Silver Spring child care center is located within the historic district of Block 69 at the intersection of Philadelphia Avenue/Route 410 and Takoma Avenue. The center was a former single family residence built in 1924 making it 92 years old. It is a two story structure. The first floor entrance is served by a ramp and ADA accessible restrooms are located on each level. However, the second floor of the facility is not ADA accessible. There is very limited curb-side parking on the street. The facility does not contain security cameras or a security alarm system. The current site has considerable storm water drainage concerns due to the topography of the site. The estimated cost to address the above stated issues is \$400,000. This does not include any infrastructure issues that most likely exist that will be uncovered as part of the aforementioned repairs to bring the facility up to the quality standards of the Germantown center. Furthermore, it is unlikely the College would be granted the required Historic Conservation Permit required for any modernization or renovations.

Given the constraints of the Takoma Park/Silver Spring facility and the historic district requirements, the College will sell the facility in conformance with existing zoning requirements at a yet to be determined date.

4. **Will any facility improvements be needed at the Germantown center? If so, what is the anticipated cost?**

The Germantown child care center is new construction and opened in 2014. It is a state-of-the-art facility as an early learning center. Only one classroom has been opened due to staffing level requirements. The cost to open the second classroom is directly related to staffing needs. The College

has requested funding for 4 positions to open the second classroom and to provide continuous coverage at the required 1:8 ratio during all hours of operation.

5. **The memorandum references that the College will provide vouchers for students to enroll their children in other centers. Is this effort being coordinated with DHHS and County and State programs for child care subsidies? How much does the College anticipate funding for these vouchers, and for what time period?**

Student-parents impacted by the closing the centers on either the Takoma Park/Silver Spring or the Rockville campuses are will be eligible to receive financial assistance beginning July 1, 2016 through December 31, 2016. To be eligible the student parent must be enrolled in classes at Montgomery College for the spring and fall semesters of 2016. The student-parent must have had a child/children enrolled in either the Takoma Park/Silver Spring or Rockville campuses for the spring 2016 semester. Community families or employees of the College who use the centers are not eligible for the financial assistance. We estimate based on spring enrollment for those eligible for the assistance approximately \$100,000. The College will be enhancing our partnership with the County to serve as a liaison and referral point for our student-parents. The goal is to be a point of contact to direct our student-parents to programs and services that are available through the County.

6. **Please provide an update on the efforts to transition the children enrolled through Head Start.**

A meeting was held on March 11, 2016 to discuss the closing of the Head Start program on the Rockville campus and the transition of child care services to other Head Start programs. The meeting was a very open conversation where all parties came together to candidly discuss immediate needs as well as long term issues related to the Montgomery College Head Start program and child care needs in the County and the potential role of Montgomery College. The following people were in attendance:

Dr. Monica Brown, Senior Vice President for Student Affairs

Ms. Donna Schena, Associate Senior Vice President for Administrative and Fiscal Services

Dr. Darrin Campen, Dean for Education and Social Sciences

Ms. Sharon Strauss, Executive Director of the HHS Community Action Agency

Ms. Aizat Oladapo, Program Manager I

Ms. Monica Ortiz, Consultant on Education and Program Design (working with Ms. Strauss)

The parties agreed to the following meeting outcomes.

- Discuss the process Montgomery College is must follow to submit formal notification of termination the existing contract with Head Start.
It was agreed that Dr. Monica Brown would submit the required notification for terminating the contract.
- Address any outstanding or required fiscal responsibilities between the College and the Head Start program.
Ms. Oladapo, Ms. Poston-Farmer, and Ms. Wong will coordinate the closeout of all matters related to financial arrangements.
- Discuss future partnership possibilities.
All parties agreed a partnership in the future is desired. A meeting is being arranged between the appropriate parties from Montgomery College and the County Head Start program in April to discuss Head Start program at the new Germantown laboratory school as well as what role Montgomery College can play in the broader

conversation of child care and providing skilled child care providers to the County workforce.

Additionally, Ms. Schena shared the background and detail for closing the child care centers at the Rockville and Takoma Park/Silver Spring campuses. There was understanding as to why the closing was necessary. They also agreed the amount of time we provided in notifying them of the closure was adequate. Furthermore, the Head Start team shared that they were confident they could place the children in other Head Start programs.

7. Has the College considered conducting a survey or other assessment of students' child care needs?

The College has not conducted an assessment of students' child care needs. This would be an important component of enhancing our partnership with the County to serve as a referral and liaison for student-parents and the programs and services offered by the County. It is important to note we serve 35,000 students annually in our credit programs alone and more than a majority of our students attend part-time.

FY15 Enrollment by Category

	ROCKVILLE	GERMANTOWN	TP/SS	TOTAL
FACULTY/STAFF	5	18	4	27
STUDENTS	20	11	30	61
COMMUNITY	16	5	22	43
HEAD START	29	0	0	29
TOTAL ENROLLMENTS	70	34	56	160

FY16 (Fall Semester) Enrollment by Category

	ROCKVILLE	GERMANTOWN	TP/SS	TOTAL
FACULTY/STAFF	2	6	1	9
STUDENTS	6	5	8	19
COMMUNITY	6	0	23	29
HEAD START	19	0	0	19
TOTAL ENROLLMENTS	33	11	32	76

FY16 (Spring Semester) Enrollment by Category

	ROCKVILLE	GERMANTOWN	TP/SS	TOTAL
FACULTY/STAFF	2	5	1	8
STUDENTS	4	7	6	17
COMMUNITY	7	1	19	27
HEAD START	20	0	0	20
TOTAL ENROLLMENTS	33	13	26	72

Five Year Financial Data

	FY11	FY12	FY13	FY14	FY15
Revenues	\$611,565	\$540,304	\$541,365	\$459,205	\$577,296*
Expenditures	\$786,410	\$901,781	\$864,900	\$912,609	\$982,286
	-\$174,845	-\$361,477	-\$323,535	-\$453,404	-\$404,990

*Fee increase



**MONTGOMERY COUNTY COUNCIL
ROCKVILLE, MARYLAND**

**OFFICE OF COUNCILMEMBER
NANCY NAVARRO**

MEMORANDUM

April 8, 2016

TO: Dr. DeRionne Pollard, President, Montgomery College

FROM: Nancy Navarro, Montgomery County Councilmember, District 4 *NN*
Marc Elrich, Montgomery County Councilmember, At-Large *ME*

SUBJECT: Montgomery College Early Learning Centers

In advance of the April 18 worksession on the Montgomery College budget, we would like to receive additional information regarding the proposal to close the Early Learning Centers located at the Takoma Park/Silver Spring and Rockville Campuses, and would like to request that Montgomery College defer closing the Early Learning Centers at the Takoma Park/Silver Spring and Rockville Campuses. We understand that there are funding challenges moving forward, but we would encourage the College to explore a variety of options to continue providing this important service to its students and faculty.

Childcare costs, particularly in Montgomery County, are increasingly high. For a family of four with an infant and a toddler, the annual cost of childcare is \$26,603 – the highest in Maryland. The Montgomery County Office of Legislative Oversight (OLO) conducted a geographic analysis of data on regulated child care and child care subsidies. OLO found that three of the County's election districts (based on U.S. Census Bureau designation) showed lower levels of child care availability and, simultaneously, higher use of and need for subsidies than other areas of the County. The three election districts comprised of Burtonsville/White Oak, Gaithersburg/Montgomery Village, and Silver Spring/Wheaton-Glenmont had the lowest availability of child care for children under age five and under age two; furthermore, these areas also had the largest low-income populations and the most children receiving child care subsidies.

When you factor in the cost of food, housing, and tuition for the many working parents who attend Montgomery College, it is no wonder that parents are often forced to choose affordability over quality when it comes to childcare.

Fortunately, the families being served by the Early Learning Centers have been able to receive both quality and affordability when it comes to the Early Learning Centers. That these centers are National Association for the Education of Young Children (NAEYC) accredited while maintaining

their affordability is remarkable, and is an anomaly in our county. We should be encouraging and expanding the availability of these high-quality programs instead of eliminating them.

Because expanding access to affordable, high-quality child care is a policy goal of the Council, we would appreciate it if you could direct your staff into exploring the following questions:

- What would be the cost to expand the Laboratory School model to both the Rockville and Takoma Park/Silver Spring campuses?
- What kind of outreach is being conducted for students and faculty? According to the information that was sent to the Council's Senior Legislative Analyst, the College has not conducted a needs assessment of students' child care needs.
- Could this program benefit from a contract bidding process, rather than requiring the College to provide the services directly?
- Has there been any examination of the fee schedule for the program?
- How many other NAEYC-accredited programs exist in the County?

In addition to the aforementioned issues, we are concerned about the ability to place the students currently enrolled in the Head Start program located at the Early Learning Center in Rockville. We are interested in learning more about the College's detailed plan to relocate these students should the Early Learning Centers close this year.

Thank you for your attention to this matter, and for your consideration of our request.

CC: Craig Rice, Chair, Montgomery County Council Education Committee
Essie McGuire, Senior Legislative Analyst, Montgomery County Council

Montgomery College
Responses for Councilmember Nancy Navarro and Councilmember Marc Elrich
Montgomery County Council
April 14, 2016

1) What would be the cost to expand the Laboratory school model to both the Rockville and Takoma Park/Silver Spring campuses?

To operate three laboratory schools (ECLS) at the College today would require significant taxpayer investment. Operating three schools would require, at a minimum, \$1 million in capital funds and \$823,000 in taxpayer support—and an ongoing need for operating funds, with no guarantee that student participation would increase.

The early learning centers are currently supported by the enterprise fund—and are meant to be self-sustaining. No taxpayer funds or student college tuition support the early learning centers. At present, the centers operate at a loss.

In making the decision about the future of the existing early learning centers, we concluded that we should simply concentrate on our core academic mission and our students.

Redesigning the early learning centers into one Early Childhood Laboratory School aligns the College with the core of our mission—to educate and train the next generation of teachers and child care workers. The ECLS creates an applied learning laboratory for 650+ students enrolled in the Education/Teacher Education and Early Childhood Education programs, as well as cross disciplinary programs. It creates a closer alignment between the College’s credit programs and our Workforce Development and Continuing Education programs that are related to teacher education and child care.

With closing the Rockville and Takoma Park/Silver Spring centers, we leveraged the opportunity to create a stronger academic focus through the alignment with the nationally recognized laboratory school model. The model requires a more intensive involvement between the lead teachers, the MC education majors, and the academic classroom teachers. The increased number of lead teachers provides a more stable learning environment through the use of higher skilled staffing and minimizes the revolving door of temporary employees. Additionally, lead teachers will work with faculty in various disciplines in supporting research.

In order to open Early Childhood Learning Laboratory Schools (with two classrooms each) on the Rockville and Takoma Park/Silver Spring campuses, we estimate that we would need 15 full time equivalent staff positions, to include the following:

- 1 Collegewide Director
- 1 Rockville Early Childhood Education Laboratory School Manager/Lead Teacher
- 7 Lead Teachers
- 4 Teacher Assistants
- 4 Teacher Assistants (1/2 time)

The total operating costs for the continuation of the ECLS to Takoma Park/Silver Spring and Rockville is \$1,221,265. Offsetting these costs with estimated revenue of \$597,375 leaves an operating loss of \$623,890—the amount needed from taxpayers.

Laboratory School Budget for Takoma Park and Rockville

Staff Costs	Takoma Park	Rockville	TOTAL
1 center manager /lead teacher; 3 lead teachers (4 for Rockville), 3 teacher assistants)	\$439,000	\$524,000	\$ 963,000
Temporary Staff	15,000	15,000	30,000
Benefit Costs	<u>69,731</u>	<u>81,234</u>	<u>150,965</u>
Total Staff Costs	\$523,731	\$620,234	\$1,143,965
Operating Costs			
Supplies, refreshments, professional development, other	38,650	38,650	77,300
TOTAL BUDGET	\$562,381	\$658,884	\$1,221,265
Off Set of Revenue	<u>(\$273,375)</u>	<u>(\$324,000)</u>	<u>(\$597,375)</u>
LOSS	\$(289,006)	(\$334,884)	(\$623,890)

Our plan for the Early Childhood Education Laboratory School at Germantown fully utilizes the state-of-the-art child care center—generously funded by the county—located on the Germantown Campus. If we were to create similar models at Rockville and Takoma Park/Silver Spring, we would need to address the deferred maintenance at these facilities.

To begin this effort, the College would need at least \$1 million to provide overall deferred maintenance which would address some ADA-compliant accessibility improvements, some needed security, and some monitoring enhancements. Even with these improvements, the centers will not be of the high caliber and modern design of the newly constructed Germantown center.

With the existing footprint in our Takoma Park/Silver Spring center, the \$1 million would not enable us to enlarge the classrooms in order to have 16 children per classroom. Additionally, these funds would not address the ADA compliance need for access to the second floor classroom via an elevator.

Even with such an investment, the Rockville center (built in 1985) and the Takoma Park/Silver Spring center (built in 1924 as a single-family home) would not be comparable to the contemporary Germantown center that was built in 2012. The Germantown center was constructed to meet modern childcare operating standards and is fully ADA compliant. To make the Rockville and the Takoma Park/Silver Spring centers *fully* ADA compliant and equivalent to the quality of the Germantown center would require further significant investment.

2) What kind of outreach is being conducted for students and faculty?

The College regularly interacts with students and we have an entire division devoted to student affairs. Students are invited to participate in the president's recurring town hall meetings and the annual state of the college address. We utilize electronic mail and social media tools to engage students. They have access to welcome center staff and are counseled to see advisors on a consistent basis. Each campus has student government organizations and student councils. Also, we have a collegewide student council. These entities provide students with formal mechanisms to voice their needs and concerns, as well as provide guidance on an array of matters. Additionally, students have regular access to our Board of Trustees, which includes a Student Trustee who represents their collective voices. When students express concerns and needs, the issues raised are consistently: affordability, the cost of books, access to parking, efficient transportation, and access to mentors and internship opportunities.

In 2014, we invited students to tell us what they need via a social media campaign. This effort gave us further insight of the needs of our overall student body. See the links for articles from our student newspapers:

<https://mctheglobe.com/2014/04/03/what-do-mc-students-need/>

<http://mcadvocate.com/2014/04/18/state-union-address-regarding-mc-students-need-discusses-potential-changes-tuition-fees-gen-ed-requirements-academic-experience/>

The majority of our students attend part time and our student population is quite diverse—in race, ethnicity, socioeconomic status, education goals, and age. Finding a model that is affordable, self-sustaining, and one that meets the needs of our diverse community proved impossible, as evidenced by the number of students utilizing the centers. With only 17 non-Head Start students currently utilizing the early learning centers, it is clear—while there are likely to be many more students in need of affordable, high quality child care, the centers on our campuses do not meet their needs.

All employees have access to similar governance councils as well as other opportunities to engage leadership to discuss needs to be productive employees.

3) Could this program benefit from a contract bidding process, rather than requiring the College to provide the services directly?

The College reviewed a variety of factors in making the final decision to close the Rockville center and the Takoma Park/Silver Spring center. Given the small number of students utilizing the centers and the challenges of devising a model that would be truly responsive to our students, we chose to focus on our institutional mission—creating the next generation of teachers and child care workers.

The location and the state of the existing facilities at Rockville and Takoma Park/Silver Spring also drove us to focus on the high quality facility (thanks to the generosity of the county) at the Germantown Campus.

The challenge for private providers is the mounting deferred (and continual) maintenance on the existing facilities—an estimated total of \$1 million. The facility size and the significant renovation/maintenance investment required would preclude an operator from maximizing class size and staffing ratios for the attendant revenues.

The task force surveyed several Maryland postsecondary institutions with child care programs. Prince George’s Community College worked with an outside contractor in lieu of closing several years ago and ultimately decided to close the center. The center was utilized by few, if any, students, faculty, or staff. Ultimately, the center was closed after operational challenges which were compounded by low student participation and the lack of alignment with the college’s academic programs.

We opened the child care centers with the hope of providing high quality, affordable child care that meets the needs of our students. Unfortunately, over the course of time, this proved impossible. We did not pursue a private contractor because of the lack of student participation; the state of the facilities; the desire to focus on our core academic mission; and the desire to maximize use of the high quality facility at Germantown.

4) Has there been any examination of the fee schedule for the program?

The 2013 task force deliberated on many possibilities for creating a self-sustaining operation, including:

- increasing fees;

- pursuing service delivery options;
- increasing the number of community and faculty participants;
- enhancing or eliminating the head start program;
- pursuing a private sector partner;
- amplifying the marketing efforts;
- applying for additional grants;
- implementing summer programs; and
- reducing operations.

Upon recommendations from the task force, we implemented an increase in our tuition fees. We also changed our enrollment model option, eliminating half (½) day and one (1) day drop-offs. These changes have resulted in a more predictable enrollment as well as greater and more stable revenue, but these changes yielded only a 10 percent cut in our losses.

For your information, our current child care tuition rates are:

Family Status/Schedule	Weekly Rate
Student	
2 full days	\$100
3 full days	\$145
4 full days	\$175
5 full days	\$200
Faculty/Staff	
2 full days	\$115
3 full days	\$160
4 full days	\$200
5 full days	\$240
Community	
2 full days	\$120
3 full days	\$175
4 full days	\$225
5 full days	\$275
Head Start/Students	
2 half days	\$50
3 half days	\$75
4 half days	\$100
5 half days	\$125
Before Care/5 mornings	\$55

FULL-DAY

Defined 7:00 a.m. to 6:00 p.m.

*Semester Registration Fee: \$40

*Full-Day – 7 a.m. – 6 p.m. (All children need to be picked up by 5:45 p.m. to allow for transition time)

*Semester Backup Care Registration Fee: \$25

To qualify for student rate, a student must be enrolled at Montgomery College for a minimum of (6) six credit or non-credit developmental courses for Fall & Spring semester. For Summer, a minimum of (3) three credits is required.

*Due to Head Start hours (8:30 a.m. – 1:30 p.m.), families enrolled in Head Start/Rockville will be offered afternoon half-day options only.

*Two full day minimum requirement

We anticipate a fee increase in 2017.

After researching and trying possible solutions, it is clear that the loss of operating funds and the mounting deferred maintenance is too high. Continued operation of three centers for the sole purpose of child care is fiscally unsustainable for the College.

5) How many other NAEYC-accredited programs exist in the county?

We do not know the total number of NAEYC-accredited programs in Montgomery County.

We conducted outreach to child care centers with comparable accreditation in the Rockville and Takoma Park/Silver Spring communities. To date, more than 30 child care centers have indicated they would assist, if their capacity allows, in providing child care for our current families.

Information on these alternate child care centers was provided to parents at each information sessions that were held and posted to the early learning centers website. The link below is to our website with the list of over 63 accredited centers in the Montgomery County/Northwest DC area:

<http://cms.montgomerycollege.edu/EDU/Department2.aspx?id=87880>

6) What is the plan/current status for placing Head Start students currently enrolled at MC early learning centers?

The College is working closely with the Department of Health and Human Services (DHHS) to ensure the placement of these children and a smooth transition. The placement of Head Start children is a high priority for the College and DHHS.

Specifically, at the direction of Sharon Strauss (Executive Director, Community Action Agency), Teresa Delisi (Director of Child Care Services at MC's Germantown Campus) is working with Monica Ortiz (consultant for Community Action Agency) and the Director of the MCPS Head Start program to place the 19 Head Start children in Head Start centers in MCPS.

As a benefit of the Head Start program, each Head Start family has a counselor assigned to help them with issues like placement.

For the summer:

Currently, 11 of the 19 Head Start children have various childcare arrangements for the summer. There are no Head Start classrooms during the summer.

We are working with the families and the Head Start staff to arrange childcare for the other eight children.

These families are eligible for the financial assistance we have offered.

For the fall:

Of the 19 Head Start children, some will transition out of Head Start and move into pre-kindergarten. The Head Start staff has assured us that the remaining eligible children will be placed in other Head Start classrooms.

DHHS Transition Plan for Montgomery College's community-based Head Start placements:

The Community Action Agency and MCPS, its delegate agency, are working closely with the director of the Montgomery College (MC) Head Start Community-based program and with MC administrators to support the transition of its Head Start families and children. The FY17 Head Start grant application's submission to the ACF/OHS/HHS is required in early April. After Montgomery College shared its decision to close its two Child Care Centers, including the Rockville Head Start program, it was necessary for CAA, the grantee, to restructure the grant with MCPS agreeing to absorb the 20 Head Start slots, formerly served by Montgomery College. Thus, the FY17 Head Start grant will now serve the County's full Head Start enrollment of 648 children through MCPS.

For children now served by MC Head Start, School Health Services (DHHS) continues to deliver health screenings, and MCPS continues to provide parent support through its family services workers, as well as opportunities for parent education and participation. Current Head Start children turning four by September (now the 3 year olds) will attend MCPS Head Start/PreK in the next school cycle, with a seamless automatic enrollment into MCPS Head Start/PreK in the fall. No further action is required by the parents. All parents will receive a letter from MCPS Head Start/PreK regarding any address/child care changes and will be notified of placements by the beginning of August. Those turning five will enroll in kindergarten. For children entering kindergarten, some students entering Title One schools may attend the ELO SAIL (Extended Learning Opportunities -- Summer Adventures In Learning) in the summer. There is also a small state-funded summer Head Start designed to maintain readiness for kindergarten.

MCPS Head Start/PreK and CAA, are working in close collaboration with the director of Montgomery College's Head Start program to support the transition of children from affected families. A regularly scheduled parent meeting, which MCPS family services staff and CAA's Head Start consultant will attend, is planned for April 18 at the Rockville campus to share about child development issues and to provide information and answer questions which may emerge about the transitions.

The Community Action Agency's process includes a formal letter to notify Head Start parents of these changes, to be sent prior to the parent meeting. As well, we have forwarded referrals to MC sites to share with families who are affected, so they may be referred to DHHS' Early Childhood Services, including ChildLink, WPA etc. These information sources are made available to all HS children through family support services.

Community Action Board, which provides governance for Head Start, has reached out to re-engage the College to see if there might be interest within the College, so that they can once again be a provider of Head Start services in future years. Staff from the Community Action Agency and its consultant participated in an initial meeting with Montgomery College leaders regarding future opportunities to partner with MC to discuss the design of an innovative Head Start model in the future at the MC's Germantown campus. A second meeting on May 19 is planned to include additional representatives, including Early Childhood Services and School Health Services. The program may be part of an Early Learning Laboratory Pre-school, designed to provide a high-quality early childhood program to meet the needs of students and county residents, while promoting the professional development of MC's early childhood students and the County's child care workforce.

In preparation for FY 18, MCDHHS will follow two tracks. The first is to continue to pursue with the College the potential to partner in offering an innovative Head Start program at the Germantown Campus of the College. Simultaneously though, we will also begin the process to competitively bid the program out for a timely FY18 award.

**Accredited Programs within 5 miles of Rockville &
Takoma Park Montgomery Colleges**

NAEYC Accreditation		
Name	Address	City
Academy CDC – Cold Spring	9201 Falls Chapel Way	Potomac
Reginald S. Lourie Center for Infants & Young Children	12301 Academy Way	Rockville
KinderCare Learning Center #1511	16723 Crabbs Branch Way	Rockville
Executive Child Development Center	6006 Executive Blvd	Rockville
Georgetown Hill @ NRC	11545 Rockville Pike	Rockville
Shady Grove Metro Kidstop	15910 Somerville Drive	Rockville
Bright Horizons @ NOAA	1315 East-West Highway	Silver Spring
Easter Seals Child Development Ctr	1420 Spring Street	Silver Spring
MSDE Accreditation		
Name	Address	City
Washington Grove Elem PreK	8712 Oakmont Avenue	Gaithersburg
Good Shepherd Lutheran Preschool	16420 S. Westland Drive	Gaithersburg
Academy CDC – Stone Mill	14327 Stonebridge View Drive	North Potomac
Academy CDC – Cold Spring	9201 Falls Chapel Way	Potomac
Mary Hart Child Care Center	13100 Ardennes Avenue	Rockville
Nanda Child Care Center	14910 Broschart Road	Rockville
Academy CDC – Academy Hills	10107 Darnestown Road	Rockville
The Goddard School	900 Gaither Road	Rockville
MCCA – Park Street	1010 Grandin Avenue	Rockville
Bar-T @ Lakewood	2534 Lindley Terrace	Rockville
MCCA – Kensington Forest	9805 Dameron Drive	Silver Spring
MCCA - Arcola	1820 Franwall Avenue	Silver Spring
Bright Eyes @ Glen Haven	10900 Inwood Avenue	Silver Spring
Woodlin Child Development Center	2103 Luzerne Avenue	Silver Spring
Silver Spring Presbyterian Children's Center	580 University Blvd East	Silver Spring
Rolling Terrace Judy Center	705 Bayfield Street	Takoma Park
Our Expanding World	7212 Flowers Avenue	Takoma Park
Takoma Park CDC	310 Tulip Avenue	Takoma Park
Centro Nia	1345 University Blvd East	Takoma Park

The County Executive's recommended increase of \$2.0 million continues the County's tradition of strong support to Montgomery College. Although less than the \$10.0 million requested by the college, it remains a sizable increase in funding per student, especially when combined with enhanced State support and the planned tuition increase.

- **Growth in County Support Since FY13:** The College's current fund appropriation in FY13 was \$94.8 million. The CE's FY17 recommendation brings it to \$129.6 million, an increase of 36.8%. Similarly, under the CE's recommendation, per-student spending will increase 50.0% per student since FY13, equating to \$2,631 more per student.

When including State funding into the calculation, per-student spending will increase by \$3,205 FY13-17 with funding at the CE recommendation level.

Including State funding and the proposed tuition and fee increase, FY13-17 growth in spending per student reaches \$3,646. The college's requested increase in County, State, and tuition and fee revenue totals \$4,133 between FY13-17.

Looking specifically at FY16-17, Montgomery College requested a current fund increase of \$10.0 million. Which equates to an increase of \$741 per student and \$1,179 when including State funds and tuition and fee revenue. The CE's recommended increase is \$254 per student, and \$692 when including the other funding sources. Given the growth the college has experienced over the past several years, an additional \$692 per student is sufficient to adequately fund Montgomery College's budget.

<u>Current Fund Appropriation</u>		Actual	CC App.		FY13-17		FY16-17	
		FY13	FY16	FY17	\$ Change	% Change	\$ Change	% Change
Local Appropriation (\$ in Millions)		\$94.8	\$127.6	\$129.6 (CE Rec)	\$34.9	36.8%	\$2.0	1.6%
				\$137.6 (MC req)	\$42.9	45.2%	\$10.0	7.8%
Per Full-Time Equivalent Student (FTES)		\$5,265	\$7,642	\$7,896 (CE Rec)	\$2,631	50.0%	\$254	3.3%
				\$8,383 (MC req)	\$3,118	59.2%	\$741	9.7%
<u>State Increase</u>								
Montgomery College State Total (in Millions)		\$36.0	\$40.0	\$42.3	\$6.3	17.4%	\$2.3	5.7%
Montgomery College State per FTES		\$2,000	\$2,395	\$2,574	\$574	28.7%	\$179	7.5%
<u>Tuition Revenue</u>								
Tuition Revenue		\$84.2	\$81.2	\$84.1	-\$0.2	-0.2%	\$2.9	3.6%
Tuition Revenue per FTES		\$4,679	\$4,861	\$5,121	\$0.0	9.4%	\$0.0	5.3%
<u>Funding at Different Levels</u>								
State + Local	State & CE Rec Per FTES	\$7,265	\$10,037	\$10,470	\$3,205	44.1%	\$433	4.3%
Scenarios	State & MC Req per FTES			\$10,957	\$3,692	50.8%	\$920	9.2%
State + Local +	State & CE & T&F Rec Per FTES	\$11,945	\$14,899	\$15,591	\$3,646	30.5%	\$692	4.6%
T&F Scenarios	State & MC Req & T&F per FTES			\$16,078	\$4,133	34.6%	\$1,179	7.9%

FTES: full time equivalent student

- **Declining Enrollment:** The reason spending growth per student is 13.2 percentage points higher than spending growth overall is due to declining enrollment. Similar to

other higher education institutions, Montgomery College's enrollment has declined significantly since the end of the Great Recession. Current fund student enrollment is projected to decline 8.8% between FY13 and FY17.

- **Lapse Assumptions:** In forming the FY17 budget, the Montgomery College's lapse calculation was similar to how it was done in prior years: 10% of the value of salaries for vacant positions in October 2015. As there were 92.5 positions vacant October 2015, this equates to 9.3 positions, though the college has total personnel competent of over 1,800 positions. Montgomery College has recognized this is out of sync with the rest of the County and is working to correct it for the next budget submission, though the issue remains in the FY17 budget. It would be reasonable for the College to account for lapse at the current rate of vacancies, which equates to \$7.7 million.
- **Compensation Increases:** Of the \$10.0 million increase requested by the college, \$7.5 million of it is to fund the college's compensation increase, (out of a total \$9.8 million increase for compensation). Taken together and standardized for comparison with other negotiated contracts, Montgomery College's compensation is increasing 5.3%. The equivalent rate for the County's contracts is 2.4%, less than half that of the college's.

If Montgomery College's increases were equivalent to the County's, their costs next year would be approximately \$4.5 million less and only \$3.0 million would be needed to fund the compensation agreements rather than \$7.5 million. With the CE's recommended increase of \$2.0 million, the gap for the college would be only \$1.0 million.

- **Yearly Expenditures:** Looking back over the past decade, the college typically does not spend its entire budget each year. While the college does not overspend, each year's difference equates to extra County funds the college received that was not needed in the year appropriated. If one focuses on the college's year-end fund balance, it is typically higher than what was projected at the beginning of the fiscal year.