

# EXECUTIVE RECOMMENDATION



## College Affordability Reconciliation (P661401)

|               |                    |                      |                    |
|---------------|--------------------|----------------------|--------------------|
| Category      | Montgomery College | Date Last Modified   | 05/08/18           |
| SubCategory   | Higher Education   | Administering Agency | Montgomery College |
| Planning Area | Countywide         | Status               | Ongoing            |

### EXPENDITURE SCHEDULE (\$000s)

| Cost Elements             | Total          | Thru FY17 | Est FY18       | Total 6 Years   | FY 19          | FY 20        | FY 21          | FY 22          | FY 23        | FY 24           | Beyond 6 Years |
|---------------------------|----------------|-----------|----------------|-----------------|----------------|--------------|----------------|----------------|--------------|-----------------|----------------|
| Other                     | (7,664)        | -         | (2,263)        | (32,979)        | (3,623)        | (870)        | (1,350)        | (1,750)        | (550)        | (24,836)        | 27,578         |
| <b>TOTAL EXPENDITURES</b> | <b>(7,664)</b> | <b>-</b>  | <b>(2,263)</b> | <b>(32,979)</b> | <b>(3,623)</b> | <b>(870)</b> | <b>(1,350)</b> | <b>(1,750)</b> | <b>(550)</b> | <b>(24,836)</b> | <b>27,578</b>  |

### FUNDING SCHEDULE (\$000s)

| Funding Source               | Total          | Thru FY17 | Est FY18       | Total 6 Years   | FY 19          | FY 20        | FY 21          | FY 22          | FY 23        | FY 24           | Beyond 6 Years |
|------------------------------|----------------|-----------|----------------|-----------------|----------------|--------------|----------------|----------------|--------------|-----------------|----------------|
| State Aid                    | 116            | -         | -              | (13,673)        | 30             | (240)        | (480)          | (680)          | (80)         | (12,223)        | 13,789         |
| Current Revenue: General     | (2,683)        | -         | (2,263)        | (420)           | (70)           | (70)         | (70)           | (70)           | (70)         | (70)            | -              |
| G.O. Bonds                   | (5,097)        | -         | -              | (18,886)        | (3,583)        | (560)        | (800)          | (1,000)        | (400)        | (12,543)        | 13,789         |
| <b>TOTAL FUNDING SOURCES</b> | <b>(7,664)</b> | <b>-</b>  | <b>(2,263)</b> | <b>(32,979)</b> | <b>(3,623)</b> | <b>(870)</b> | <b>(1,350)</b> | <b>(1,750)</b> | <b>(550)</b> | <b>(24,836)</b> | <b>27,578</b>  |

### COMPARISON (\$000s)

|                     | Total   | Thru FY17 | Est FY18 | Total 6 Years | FY 19   | FY 20 | FY 21   | FY 22   | FY 23 | FY 24    | Beyond 6 Years | FY 19 Approp. |
|---------------------|---------|-----------|----------|---------------|---------|-------|---------|---------|-------|----------|----------------|---------------|
| Prior Year Approved | -       | -         | -        | -             | -       | -     | -       | -       | -     | -        | -              | -             |
| Agency Request      | -       | -         | -        | -             | -       | -     | -       | -       | -     | -        | -              | -             |
| Recommended         | (7,664) | -         | (2,263)  | (32,979)      | (3,623) | (870) | (1,350) | (1,750) | (550) | (24,836) | 27,578         | (5,886)       |

| CHANGE                                | TOTAL   | % | 6-YEAR   | % | APPROP. | % |
|---------------------------------------|---------|---|----------|---|---------|---|
| Agency Request vs Prior Year Approved | -       | - | -        | - | -       | - |
| Recommended vs Prior Year Approved    | (7,664) | - | (32,979) | - | (5,886) | - |
| Recommended vs Agency Request         | (7,664) | - | (32,979) | - | (5,886) | - |

## RECOMMENDATION

Approve with Modifications. This project reconciles the County Executive's recommended FY19-24 CIP with the College's request based on FY19-24 affordability constraints. FY18 reductions in Current Revenue: General reflect projected savings from the FY18 Savings Plan necessitated by County revenue shortfalls. In the FY19-24 six-year period, the following changes are assumed:

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**Germantown Science & Applied Studies (FY19: -\$191,000 G.O. Bonds, \$191,000 State Aid):** The College requests a transfer of \$267,000 in G.O. Bonds from Computer Science Alterations (P046602) (The Board of Trustees also transferred \$115,000 in November 2017, for a total transfer of \$382,000). However, this spending is eligible for State Aid, and the Executive recommends that the College pursue all eligible State aid. The CE's recommended action will maximize non-State resources in a tight budget year by reducing the G.O. Bond transfer by \$191,000 and adding \$191,000 in State Aid.

**Germantown Student Services Center (FY22: -\$80,000 G.O. Bonds, -\$80,000 State Aid; FY23: -\$80,000 G.O. Bonds, -\$80,000 State Aid; FY24: -\$12,223,000 G.O. Bonds, -\$12,223,000 State Aid):** The College requested a \$2.1 million increase for State escalation, which is unaffordable in the current budget climate, but may be able to be funded with unencumbered balances from other College projects. In addition, the College assumes all construction expenditures in FY24, but it is likely that construction will last into FY25. Construction expenditures were reduced by half in FY24 to reflect this likelihood, shifting the expense to the Beyond 6 Years column.

**Rockville Student Services Center (FY19: -\$161,000 G.O. Bonds, -\$161,000 State Aid):** The College requested a \$322,000 increase for State escalation, which is unaffordable in the current budget climate but may be able to be funded with unencumbered balances from other College projects.

**Takoma Park/Silver Spring Math & Science Center (FY20: -\$240,000 G.O. Bonds, -\$240,000 State Aid; FY21: -\$480,000 G.O. Bonds, -\$480,000 State Aid; FY22 -\$600,000 G.O. Bonds, -\$600,000 State Aid):** The College requested a \$2.6 million increase for State escalation, which is unaffordable in the current budget climate but may be able to be funded with unencumbered balances from other College projects.

**Planning, Design, & Construction (FY19: -\$140,000 G.O. Bonds, FY20: -\$140,000 G.O. Bonds, FY21: -\$140,000 G.O. Bonds, FY22: -\$140,000 G.O. Bonds, FY23: -\$140,000 G.O. Bonds, FY24: -\$140,000 G.O. Bonds):** This action level-funds this Level of Effort project at the previously approved level, similar to the County's policy for most County Government Level of Effort projects (including those that fund salaries).

**Planned Lifecycle Asset Replacement (FY19: -\$1,861,000 G.O. Bonds):** This action funds this project at the previously approved level in FY19. In the FY17-22 biennial Approved CIP, the County Council accelerated \$1.9 million from FY19 to FY18. The College request replaces those funds. The result is an overall increase to the project not intended by the Council action.

**Roof Replacement (FY19: -\$500,000 G.O. Bonds, FY20: -\$250,000 G.O. Bonds, FY21: -\$250,000 G.O. Bonds, FY22: -\$250,000 G.O. Bonds, FY23: -\$250,000 G.O. Bonds, FY24: -\$250,000 G.O. Bonds):** This action level-funds this Level of Effort project at the previously approved level to align with the County's policy for County Government Level of Effort projects.

**Elevator Modernization (FY19: -\$800,000):** This action level-funds this Level of Effort project at the previously approved level to align with the County's policy for County Government Level of Effort projects.

The intent of the Affordability Project is to provide maximum flexibility to the College in adjusting specific budgets.

Potential opportunities include:

1. Funding requested Level of Effort project and escalation increases from unencumbered balances in other projects.
2. Pursuing maximum State Aid for costs incurred for the Germantown Student Services Building and the Collegewide Libraries Renovation project.
3. Splitting construction for the Germantown Student Services Building over two years as has been past practice.



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## EXPENDITURE SCHEDULE (\$000s)

| Cost Elements      | Total | Thru FY17 | Est FY18 | Total 6 Years | FY 19 | FY 20 | FY 21 | FY 22 | FY 23 | FY 24 | Beyond 6 Years |
|--------------------|-------|-----------|----------|---------------|-------|-------|-------|-------|-------|-------|----------------|
| TOTAL EXPENDITURES | -     | -         | -        | -             | -     | -     | -     | -     | -     | -     | -              |

## FUNDING SCHEDULE (\$000s)

| Funding Source | Total | Thru FY17 | Est FY18 | Total 6 Years | FY 19 | FY 20 | FY 21 | FY 22 | FY 23 | FY 24 | Beyond 6 Years |
|----------------|-------|-----------|----------|---------------|-------|-------|-------|-------|-------|-------|----------------|
|----------------|-------|-----------|----------|---------------|-------|-------|-------|-------|-------|-------|----------------|

## APPROPRIATION AND EXPENDITURE DATA (\$000s)

|                             |   |                          |   |
|-----------------------------|---|--------------------------|---|
| Appropriation FY 19 Request | - | Year First Appropriation |   |
| Appropriation FY 20 Request | - | Last FY's Cost Estimate  | - |
| Cumulative Appropriation    | - |                          |   |
| Expenditure / Encumbrances  | - |                          |   |
| Unencumbered Balance        | - |                          |   |

## COST CHANGE

The expenditure data in this project was zeroed out and applied to various College projects, as approved by the County Council.