

MEMORANDUM

TO: Education Committee

FROM: Justina Ferber,  Legislative Analyst

SUBJECT: **Worksession: FY15 Operating Budget for Montgomery College**

The following individuals may attend:

- Reginald Felton, Chair, Board of Trustees
- Dr. DeRionne Pollard, President
- Dr. Janet Wormack, Interim Senior Vice-President, Administrative and Fiscal Services
- Susan Madden, Chief Government Relations Officer
- Linda Hickey, Budget Manager, Administrative and Fiscal Services
- Jennifer Bryant, Management and Budget Specialist, OMB

Montgomery College provides postsecondary educational programs on three campuses in the County - Germantown, Rockville, and Takoma Park. At 26,155 students last fall, the College is the largest and likely the most diverse community college in the state. Enrollment is virtually equivalent to that of the undergraduate population at the University of Maryland College Park.

Montgomery College Operating Budget

The College's proposed operating budget was adopted by the Board of Trustees on December 16, 2013 and distributed to the Council and Executive. The Executive recommends 97% funding of the College's tax-supported request. The Executive's Recommended FY15 Operating Budget includes the College on pages 11-1 to 11-8 at ©1-8. The total recommended FY15 Operating Budget for Montgomery College is \$290.0 million, an increase of \$10.0 million or 3.6 percent from the FY14 total approved budget of \$280.0 million.

<u>Fiscal Year</u>	<u>Tax Supported</u>	<u>Grant Supported</u>	<u>Self Supported</u>	\$ in millions
				<u>Total</u>
FY13 Approved	218.8	20.2	28.9	267.9
FY14 Approved	228.5	20.2	31.3	280.0
FY15 Ex Recomm	237.3	19.8	32.9	290.0
% Change	3.9%	-1.9%	8.3%	3.6%
FY15 MC Request	245.2	19.8	32.9	297.9
% Change	7.3%	-1.9%	8.3%	6.4%

Councilmembers may want to bring the Montgomery College FY14 Operating Budget Request booklet to the meeting. The booklet contains additional information on federal, state and private grants and contracts; enrollment projections; cost per student; staff salary schedule; and tuition rates and fees.

Operating Budget Highlights

Tax-Supported Current Fund: The tax-supported current fund as recommended by the County Executive will increase 3.9%, to \$236.6 million from \$227.7 million. The College requested \$244.4 million. The current fund supports instruction, academic support, student services, operation & maintenance of buildings, institutional support and scholarships.

State Funding: State funding for FY15 is \$40,402,184 allocated \$33,860,896 to the current fund and \$6,541,288 to Workforce Development & Continuing Education. The allocation is based on the numbers of FTEs.

County Funding: County tax supported funding is recommended at \$110,583,727, an 11% increase over FY14 funding of \$99,583,727. The College had requested \$118,437,935, a 19% increase over FY14.

Spending Affordability: In February 2014, the Council approved FY15 Spending Affordability Guidelines (SAG) of \$141.9 million (net of tuition) for the tax-supported funds of the College. The Board of trustees requested \$160.8 million (net of tuition and fees).

Maintenance of Effort: Maintenance of Effort (MOE) is exceeded. MOE calls for the College to have at least the same County funding as the previous year, i.e. the same total County contribution for the Current Fund in FY15 as in FY14 (not the same per pupil). The County contribution in FY14 was \$99,583,727 and is proposed at \$110,583,727 for FY15 which is \$11 million over MOE. If the County does not maintain funding, then the State is not obligated to give the College any increase in State aid from the previous year. If the State does not increase its aid, then there is no penalty for not maintaining effort.

Enrollment: Enrollment is projected to decrease by 0.5% in FY15 to 17,153 FTE (full-time equivalent) student enrollment. The total for credit hours in FY15 is projected to decrease 7.2% to 514,575 from FY14 credit hours budgeted at 554,618. The major factors driving enrollment projections are: (1) MCPS is projecting a decrease in the number of 12th grade students through FY19, with an increase of about 3% beginning in FY20; (2) two-year college enrollments tend to increase during a recession as people need retraining in new fields, as the economy improves, enrollment tends to drop off; (3) financial aid eligibility has tightened and tuition rates at MC have increased over the last 5 years, except fall of 2013.

It is noteworthy to point out that the College enrolled 2,400 more students this year than they did in FY09. While there has been some enrollment decline from the historic peak in fall 2012 the College continues to experience growth in key course studies. The combined enrollments in science, math, engineering, nursing and teacher education have doubled. These courses are vital to growing the local workforce.

Tuition Increase: A tuition rate increase to students is included in the budget. Tuition will increase \$3 per credit hour (\$115) for County residents; \$6 per credit hour (\$235) for state residents; and \$9 per credit hour (\$323) for out-of-state residents. Tuition is 39% of revenue in FY15 (43% in FY14). The consolidated fee for all students remains at 20% of tuition.

Cost per Student: There is a marked increase in the cost per FTE (full-time equivalent) in FY15 to \$14,251. For previous years it has been: \$12,318 in FY14; \$11,919 in FY13; \$12,041 in FY12; and \$12,043 in FY11.

Compensation and Benefits: An additional \$10.3 million was included in the Board’s proposed budget for salary improvements, benefits and collective bargaining agreements. FY15 salary improvements include a 2.5% COLA and 3.5% increment for faculty and staff.

<u>CE RECOM BUDGET</u>	<u>OPERATING FUND AND OTHER FUNDS</u>	<u>COLLEGE REQUEST</u>
\$237.3 million Executive Recom 3.9% increase \$8.9 million increase	<u>Tax-supported funds budget</u> - A 3.9% increase over FY14. The funding consists of Spending Affordability funds including: 1) the Current Fund (tuition, fees, County contribution, State aid, grants, other revenues, and Use of Fund Balance); 2) tax-supported grants - Adult Education and Literacy Program Grant for \$400,000; and 3) the Emergency Plant Maintenance and Repair Fund for \$350,000.	\$245.2 million MC Request (7.3% increase)
\$24.1 million Executive Recom	<u>Enterprise Funds budget</u> (No County contribution) - A 4.0% increase over FY14. Includes: 1) Workforce Development and Continuing Education which provides noncredit training and off-campus credit courses for residents, employees, and employers for \$18.2 million (including State Aid of \$6.5 million); and 2) Auxiliary Enterprises for \$5.9 million which is supported by revenue earned from food services, bookstores, Parilla Performing Arts Center, Takoma Park/Silver Spring Cultural Arts Center, summer dinner theater, child care services for students, faculty and staff, etc.	\$24.1 million MC Request (4.0 % increase)
\$1,505,000	<u>Cable TV budget</u> - A 9.0% increase in the County cable funding request over FY14 for the College’s channel on the County’s cable system.	\$1,505,000 MC Request (9.0% increase)
\$19.8 million	<u>Nontax-supported grants</u> - Includes grants and contracts received by the College from all sources.	\$19.8 million MC Request (-1.9% decrease)
	OTHER FUNDS	
\$263,000	<u>50th Anniversary Endowment Fund budget</u> – Established in 1995 in honor of the College’s 50 th Anniversary for scholarships and faculty chairs. In 2004, the use of the fund was expanded to include “...projects related to campus development, academic initiatives, and other projects that can be funded from an alternative funding source that benefit the College...[and] for all types of expenditures if recommended by the President and approved by the Board of Trustees.”	\$263,000 MC Request

\$3.5 million
16.7% increase **Transportation Fund budget** – Revenue received from a charge to students and employees. The current transportation fee is \$4 per credit hour and \$96 per year for full-time employees. The fund pays for the Ride-On bus service and for debt service on parking garage bonds related to the Takoma Park/Silver Spring West Parking Garage. \$3.5 million
MC Request

\$3.5 million **Major Facilities Reserve Fund** – Is funded entirely from student fees, currently \$5 per credit hour. 3.5 million
MC Request

\$290.0 million
3.6 % increase **TOTAL – Montgomery College FY15 Operating Budget** \$297.9 million
6.4% increase
MC Total Request

Executive Revenue Summary	\$82,221,884 \$1,438,157 \$109,933,727 \$33,860,896 \$325,000 \$1,325,000 \$7,488,018 <hr/> \$236,592,682	Tuition Student Fees County Contribution State Aid Federal Grants Other Revenue <u>Use of Fund Balance</u> Current Fund Revenue Summary
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College Cost Comparisons FY10 to FY15

	FY10	FY11	FY12	FY13	FY14 Est.	FY15 Recomm	FY15 Request
Cost per FTE (Current Fund)	\$11,896	\$11,951	\$11,890	\$11,688	\$12,772	\$13,793	\$14,251
Student FTEs	17,701	17,759	18,044	18,073	17,243	17,153	17,153
County Contribution Per FTE	\$6,013	\$5,521	\$5,230	\$5,244	\$5,738	\$6,409	\$6,867
Total County Contribution (Current Fund)	\$106,429,321	\$98,051,990	\$94,368,755	\$94,768,755	\$98,933,727	\$109,933,727	\$117,787,935
State Aid (Current Fund)	\$30,875,991	\$30,610,336	\$29,788,628	\$30,268,786	\$31,688,491	\$33,860,896	\$33,860,896

Request for Additional Funding

The Executive recommends approval of the College’s total operating budget at \$290,002,044, an increase of \$11 million in county funding over FY14. OMB advises that the Executive did not make any specific determination on the College’s expenditures and is relying on the Board of Trustees to determine the use of the recommended appropriations.

The College requested Council consideration of additional funding to the Executive's FY15 Recommended Operating Budget.

If funding increases for the College which are recommended in the Executive's FY15 Operating Budget are allocated to meet collective bargaining agreements, then the Executive's budget does not include sufficient funding for new positions. The College request included the addition of 74.5 positions; 13 for new faculty positions and 61.5 staff positions as follows: 38 staff positions for the Germantown Bio Science Education Center; 8 enrollment and student access specialists to serve welcome centers; 8 nursing program staff; 2 ACES coaches; 1 financial aid counselor; and 4.5 other staff positions. Workforce Development and Continuing Education include the addition of 8.5 staff of which 5 are currently temporary staff positions to fill customer support and operational needs.

The College requested funding for the following changes from FY14 to FY15 see ©9:

Salary improvements, benefits and collective bargaining agreements	\$10,295,000
Bioscience Education Center	4,215,000
Nursing Program faculty and support staff	1,296,000
ACES Expansion	460,000
Student Pathways to Completion	364,000
Student Success and Completion Initiatives	536,000
Scholarships	166,000
Educational Excellence Initiatives	392,000
Community Engagement Initiatives	650,000
Contractual, Compliance and Other Operation	1,024,000
Savings from lapse and enrollment savings	(\$2,679,000)

Staff Recommendations:

- **Approve the Montgomery College FY15 Operating Budget as recommended by the County Executive for \$290,002,044.**
- **Place the following items on the reconciliation list, assuming the Executive's additional \$11 million in College funding is designated for salary improvements.**

Reconciliation Recommendations in Order of Priority

- **Bioscience Education Center (38 positions) \$3,500,000**

Designate the remainder of the \$11 million, approximately \$700,000, for the Bioscience Education Center. Funding is requested for 38 positions to operate the building and center. The building will increase the Germantown campus square footage by 43 percent. The facility will meet local bioscience workforce needs and assist County efforts to attract and retain high-skilled, high-wage jobs in the biotech industry. Funding is necessary to open and operate the Center – \$2.5 million is related to positions and \$1.7 million is for operational costs.

➤ **New Full-Time Faculty (13 positions) and Nursing Program Staff (8 positions) \$1,300,000**

The budget is requesting 13 new full-time faculty members across the three campuses. Enrollment growth in certain disciplines such as the sciences, math, engineering, and nursing has increased substantially in the past several years. The College plans to expand course sections in these areas and to fulfill the College's full-time/part-time faculty ratio benchmark of 2:1.

The College has had success over the last seven years, despite the recession, in increasing the size of its nursing program by 55 percent (to 409 students), increasing access, and improving graduation rates and licensure pass rates. They accomplished this through \$4.2 million in grants spread over multiple years and funds that helped them obtain equipment and apply innovative efforts to remove barriers that hinder growth in the nursing program. They want to make permanent the successful elements of this effort, so they are seeking an investment of eight staff positions for the nursing program.

➤ **Student Access and Success Programs (Part 1 – 3 positions) \$1,200,000**

The college is requesting funding for two academic coaches at Montgomery College, additional operating funds for the summer bridge program, and additional operating costs to support the ACEs program. Given the growth in financial aid applications, they are requesting a financial aid staff position and increased funding for institutional scholarship opportunities. Additional resources in advising are being requested to enhance intervention with students to provide pathways to success and completion. The College is requesting funds to translate its website into five commonly used languages, in alignment with the top languages used at county public schools, to better serve diverse students and community as part of the College's community engagement efforts.

➤ **Student Access and Success Programs (Part 2 – 8 positions) \$800,000**

The College is requesting to make permanent eight Welcome Centers staff which offer one-stop shops for students who seek help with application, enrollment, and advising. Additional resources are being requested for student success initiatives such as delivering mandatory new-student orientation; providing textbooks on loan at campus libraries to assist students in need; mentoring and career building at the correction facility; and strengthening student engagement activities.

➤ **Contractual, Compliance and Other Operations (4.5 positions) \$1,100,000**

The College is requesting an additional position to oversee their new talent management program, a position to lead their new governance system, an additional legal position, a staff member for additional academic support, and an ombudsman-type position for enhanced employee voice and resolution. Funds are also being requested to pay for increases in risk management, utilities, leases, and maintenance contracts that increase each year.

TOTAL \$7,900,000

This packet contains:

	<u>Circle #</u>
CE Budget–Montgomery College Section	1
Page 11, College Budget Request, Current Fund, Changes to Budget FY 14 to FY15	9
County Executive Fiscal Plan - Montgomery College Current Fund	10
Board of Trustees/President operating budget transmittal letter 2/6/14	11

Public Hearing Testimony (Not received as yet) PH Dates are 4-8, 4-9 & 4-10

Correspondence (Distributed earlier to Councilmembers) – As of April 3rd, the Council received 57 letters and emails in support of additional funding for the College operating budget with some specifically citing the Nursing Program.

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Montgomery College

MISSION STATEMENT

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

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

BUDGET OVERVIEW

The total recommended FY15 Operating Budget for Montgomery College is \$290.0 million, an increase of \$10.0 million or 3.6 percent from the FY14 approved budget of \$280.0 million. The County Executive recommendation funds over 97% of the College's request and provides an affordable and sustainable level of support.

The County Executive recommends a total County contribution of \$110.6 million, which represents an increase of \$11 million, or 11.0 percent, over the FY14 approved budget.

Related Current Fund revenues (excluding the County contribution) are \$119.2 million, which represents a decrease of \$1.4 million, or 1.2 percent, compared to the approved FY14 budget.

In addition to the total recommended Operating Budget for the College, the agency's Capital Improvement Program (CIP) requires current revenue funding. Approximately \$11.4 million in FY15 current revenues is assumed in the recommended FY15-20 CIP.

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

State law requires the Board of Trustees and the President to prepare and submit operating and capital budgets to the County Council. The operating budget request is normally submitted to the Council and County Executive in January each year. After final action by the Council in May, the Board adopts the approved budget in June. The College's approved budget is included in the Council Approved FY15 Operating and Capital Budgets and is prepared by the Office of Management and Budget in July.

The College prepared an FY15 budget requesting additional tax-supported county funds of \$16.7 million, an increase of 7.3 percent from the approved FY14 budget. The College's request assumes a \$3/\$6/\$9 per semester hour (in-county, in-state, out-of-state) tuition increase for students.

The Executive relies on the Board of Trustees to determine the most appropriate manner and use to deliver educational services within its recommended budget appropriations.

Spending Affordability Guidelines

In February 2014, the Council approved FY15 Spending Affordability Guidelines (SAG) of \$141.9 million (net of tuition) for the tax-supported funds of Montgomery College. The Board of Trustees requested \$163.0 million (net of tuition and fees), which is \$21.1 million, or 14.9 percent, above the guideline.

Enrollment

Enrollment is projected by the College to decrease in FY15 and is estimated by the College for FY15 at 17,153 full-time equivalent (FTE) students in credit programs. An FTE student for one year is calculated as the total number of credit hours divided by 30. The College projects a 0.5 percent decrease in FY15 in FTE student enrollment compared to its FY14 estimate. Compared to FY13, FY14 enrollment declined by 4.6%; the College projects enrollment to continue to decline further between FY15 and FY19. The College's projections assume approval of the proposed renovation and construction schedule in the Capital Improvements Program.

Tuition

For FY15, the College request is based on an increase to tuition fees of \$3 per semester hour, from \$112 to \$115, for County residents; a \$6 per semester hour increase for State residents to \$235; and a \$9 per semester hour increase for out-of-state residents to \$323. The consolidated fee for all students would remain at 20 percent of tuition. The Board of Trustees will make tuition decisions in April 2014.

Tuition and other student fees represent approximately 39 percent of the revenue proposed by the College to fund the FY15 budget, compared to 43 percent of revenues assumed in the FY14 approved budget.

State Funding

The total amount of State funding assumed in the Executive's Recommended FY15 budget is estimated to be \$40.4 million. It is comprised of \$33.9 million allocated to the Current Fund and \$6.5 million to the Workforce and Development Fund. The College allocates formula funds to the Current Fund and Continuing Education Fund based on the proportionate share of FTE students for most University System of Maryland institutions.

Tax-Supported Funds

The County Executive recommends a total appropriation of \$237.3 million in the three tax-supported funds (Current, Emergency Plant Maintenance and Repair, and Tax-Supported Grants). This amount is an increase of \$8.9 million or 3.9 percent more than the \$228.4 million approved in FY14.

Current Fund

In the Current Fund, the County Executive is recommending an appropriation of \$236.6 million, an increase of \$8.9 million or 3.9 percent over the \$227.7 million approved in FY14. This recommendation is based on the College's estimated tuition and fees, which includes the increases in tuition rates noted above. The Executive's recommendation increases local funding to the College by \$11.0 million, or 11.1 percent, in the Current Fund.

Emergency Plant Maintenance and Repair Fund

The Emergency Plant Maintenance and Repair Fund provides for unanticipated expenditures to make emergency repairs not funded elsewhere in the budget. The County Executive recommends the Board's request, an appropriation of \$350,000, the same level as the FY14 approved budget.

Tax-Supported Grant Fund

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

Other Funds

Cable Television

The County Executive recommends an appropriation of \$1.5 million for the Cable Television Fund, which provides for production and operation of the College's higher education channel on the County's cable system. The requested amount would provide instructional programs and public service offerings by the College to the community. Additional detail on the College's Cable budget can be found in the Cable Communications Plan in section 64-1.

Special Funds

The College's Workforce Development and Continuing Education Fund is supported by a combination of student tuition and fees and State reimbursements, which are based on the FTE student enrollment in the academic year that occurred two years prior to the current year. The County Executive recognizes the importance of higher education to the economic development of Montgomery County and recommends the Board's request, an appropriation of \$18.2 million for this Fund, a \$800,000 increase over the amount approved in FY14.

The Auxiliary Enterprises Fund includes the Bookstore, the Child Care Center, and Food Services, and is supported by revenue earned from these activities. The College requests and the County Executive recommends an appropriation of \$5.9 million for this fund.

The Grants and Contracts Fund includes grants and contracts received by the College from all sources. The College requests and the County Executive recommends an appropriation of \$19.8 million for this fund.

LINKAGE TO COUNTY RESULT AREAS

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

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

PROGRAM CONTACTS

Contact Linda Hickey of the Montgomery College at 240.567.7292 or Jennifer Bryant of the Office of Management and Budget at 240.777.2761 for more information regarding this agency's operating budget.

BUDGET SUMMARY

	Actual FY13	Budget FY14	Estimated FY14	Recommended FY15	% Chg Bud/Rec
CURRENT FUND MC					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Current Fund MC Personnel Costs	0	0	0	0	—
Operating Expenses	211,233,214	227,727,695	220,214,452	236,592,682	3.9%
Capital Outlay	0	0	0	0	—
Current Fund MC Expenditures	211,233,214	227,727,695	220,214,452	236,592,682	3.9%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	1,715.10	1,715.10	1,789.60	4.3%
REVENUES					
Current Fund: Interest	59,980	55,000	55,000	55,000	—
Current Fund: Other Revenue	1,287,860	1,135,000	1,135,000	1,135,000	—
Current Fund: Performing Arts Center	53,155	135,000	135,000	135,000	—
Fed. State & Priv. Gifts & Grants	400,000	325,000	325,000	325,000	—
Other Student Fees: Current Fund	1,473,159	1,697,759	1,668,717	1,438,157	-15.3%
State Aid	30,268,786	31,688,491	31,688,491	33,860,896	6.9%
Tuition and Fees: Current Fund	84,222,987	85,555,492	82,094,404	82,221,884	-3.9%
Current Fund MC Revenues	117,765,927	120,591,742	117,101,612	119,170,937	-1.2%
EMERGENCY REPAIR FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Emergency Repair Fund Personnel Costs	0	0	0	0	—
Operating Expenses	349,973	350,000	350,000	350,000	—
Capital Outlay	0	0	0	0	—
Emergency Repair Fund Expenditures	349,973	350,000	350,000	350,000	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	1.00	0.00	0.00	0.00	—
REVENUES					
EPMRF: Investment Income Non-Pooled	444	0	400	0	—
Emergency Repair Fund Revenues	444	0	400	0	—
GRANT FUND MC					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Grant Fund MC Personnel Costs	0	0	0	0	—
Operating Expenses	10,195,258	20,163,000	11,935,055	19,773,000	-1.9%
Capital Outlay	0	0	0	0	—
Grant Fund MC Expenditures	10,195,258	20,163,000	11,935,055	19,773,000	-1.9%

	Actual FY13	Budget FY14	Estimated FY14	Recommended FY15	% Chg Bud/Rec
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Federal/State/Private Grants	10,195,258	20,163,000	11,935,055	19,773,000	-1.9%
Grant Fund MC Revenues	10,195,258	20,163,000	11,935,055	19,773,000	-1.9%
AUXILIARY FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Auxiliary Fund Personnel Costs	0	0	0	0	—
Operating Expenses	4,639,630	5,771,815	4,871,501	5,918,157	2.5%
Capital Outlay	0	0	0	0	—
Auxiliary Fund Expenditures	4,639,630	5,771,815	4,871,501	5,918,157	2.5%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	1,711.10	50.00	50.00	50.00	—
REVENUES					
Auxiliary Fund: Interest Income	5,853	10,000	10,000	12,000	20.0%
Other Revenues: Miscellaneous	932,053	1,321,715	862,596	1,849,000	39.9%
Other Revenues: Performing Arts Center	349,811	350,000	387,108	0	—
Sales	3,184,800	3,703,900	2,875,320	3,612,400	-2.5%
Auxiliary Fund Revenues	4,472,517	5,385,615	4,135,024	5,473,400	1.6%
WORKFORCE DEVELOPMENT & CONTINUING ED					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Workforce Development & Continuing Ed Personnel Costs	0	0	0	0	—
Operating Expenses	12,630,438	17,411,500	13,590,000	18,200,205	4.5%
Capital Outlay	0	0	0	0	—
Workforce Development & Continuing Ed Expenditures	12,630,438	17,411,500	13,590,000	18,200,205	4.5%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	85.00	85.00	93.50	10.0%
REVENUES					
Other Revenues: Interest	37,450	30,000	30,000	30,000	—
Other Revenues: Miscellaneous	28,521	380,000	20,000	380,000	—
State Aid	5,729,766	6,147,053	6,147,053	6,541,288	6.4%
Tuition and Fees: Continuing Education	6,737,764	9,450,000	6,840,000	9,650,000	2.1%
Workforce Development & Continuing Ed Revenues	12,533,501	16,007,053	13,037,053	16,601,288	3.7%
CABLE TELEVISION FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Cable Television Fund Personnel Costs	0	0	0	0	—
Operating Expenses	1,242,752	1,380,800	1,375,000	1,505,000	9.0%
Capital Outlay	0	0	0	0	—
Cable Television Fund Expenditures	1,242,752	1,380,800	1,375,000	1,505,000	9.0%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	11.00	11.00	11.00	—
REVENUES					
Cable: Other Revenue	398	0	400	0	—
Cable Television Fund Revenues	398	0	400	0	—
ENDOWMENT FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Endowment Fund Personnel Costs	0	0	0	0	—

	Actual FY13	Budget FY14	Estimated FY14	Recommended FY15	% Chg Bud/Rec
Operating Expenses	0	263,000	65,000	263,000	—
Capital Outlay	0	0	0	0	—
Endowment Fund Expenditures	0	263,000	65,000	263,000	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Interest	1,205	1,000	1,000	1,000	—
Endowment Fund Revenues	1,205	1,000	1,000	1,000	—
MAJOR FACILITIES RESERVE FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Major Facilities Reserve Fund Personnel Costs	0	0	0	0	—
Operating Expenses	2,349,156	3,500,000	2,400,000	3,500,000	—
Capital Outlay	0	0	0	0	—
Major Facilities Reserve Fund Expenditures	2,349,156	3,500,000	2,400,000	3,500,000	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	0.00	0.00	0.00	0.00	—
REVENUES					
Interest Income	17,049	15,000	18,000	20,000	33.3%
Student Fees	3,213,930	3,300,000	3,100,000	3,075,000	-6.8%
Major Facilities Reserve Fund Revenues	3,230,979	3,315,000	3,118,000	3,095,000	-6.6%
MC GRANTS TAX SUPPORTED FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
MC Grants Tax Supported Fund Personnel Costs	0	0	0	0	—
Operating Expenses	400,000	400,000	400,000	400,000	—
Capital Outlay	0	0	0	0	—
MC Grants Tax Supported Fund Expenditures	400,000	400,000	400,000	400,000	—
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	50.00	0.00	0.00	0.00	—
TRANSPORTATION FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
Transportation Fund Personnel Costs	0	0	0	0	—
Operating Expenses	2,092,977	3,000,000	2,200,000	3,500,000	16.7%
Capital Outlay	0	0	0	0	—
Transportation Fund Expenditures	2,092,977	3,000,000	2,200,000	3,500,000	16.7%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
FTEs	85.00	1.00	1.00	1.00	—
REVENUES					
Miscellaneous Other	275,647	250,000	218,000	21,000	-91.6%
Student Fees	2,481,513	2,500,000	2,370,000	2,975,000	19.0%
Transportation Fund Revenues	2,757,160	2,750,000	2,588,000	2,996,000	8.9%
DEPARTMENT TOTALS					
Total Expenditures	245,133,398	279,967,810	257,401,008	290,002,044	3.6%
Total Full-Time Positions	0	0	0	0	—
Total Part-Time Positions	0	0	0	0	—
Total FTEs	1,847.10	1,862.10	1,862.10	1,945.10	4.5%
Total Revenues	150,957,389	168,213,410	151,916,544	167,110,625	-0.7%

PERFORMANCE MEASURES FOR MONTGOMERY COLLEGE

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

<u>Accessibility and Affordability</u>						
	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Target FY 2015</u>
Annual unduplicated headcount						
Credit Students	34,248	35,604	37,510	37,391	38,197	41,636
Non-credit Students	26,035	25,636	24,881	23,624	25,050	25,435
						<u>Target - Fall 2015</u>
MC Share of Montgomery County Residents in MD Colleges	<u>Fall 2008</u> 42.9%	<u>Fall 2009</u> 49.4%	<u>Fall 2010</u> 49.2%	<u>Fall 2011</u> 45.1%	<u>Fall 2012</u> 46.0%	52.0%
						<u>Target FY 2015</u>
Enrollment in online courses	<u>FY 2008</u> 8,997	<u>FY 2009</u> 9,989	<u>FY 2010</u> 11,384	<u>FY 2011</u> 17,168	<u>FY 2012</u> 13,827	15,234
						<u>Target FY 2015</u>
MC Tuition & Fees as pct. of MD public four-year colleges	<u>FY 2009</u> 55.9%	<u>FY 2010</u> 58.7%	<u>FY 2011</u> 56.7%	<u>FY 2012</u> 56.0%	<u>FY 2013</u> 55.1%	57.0%
<u>Quality and Effectiveness</u>						
	<u>Grads of 2000</u>	<u>Grads of 2002</u>	<u>Grads of 2005</u>	<u>Grads of 2008</u>	<u>Grads of 2011</u>	<u>Grads of 2014</u>
Graduate satisfaction with educational goal achievement	99.0%	97.0%	93.0%	98.0%	97.0%	92.0%
Graduate satisfaction with preparation for transfer	79.0%	88.0%	91.0%	77.4%	n/a	90.0%
	<u>Spring 2003</u>	<u>Spring 2005</u>	<u>Spring 2007</u>	<u>Spring 2009</u>	<u>Spring 2011</u>	<u>Spring 2015</u>
Non-returning students' goal attainment	79.0%	82.0%	74.0%	81.0%	79.0%	82.0%
<u>Diversity</u>						
	<u>Fall 2008</u>	<u>Fall 2009</u>	<u>Fall 2010</u>	<u>Fall 2011</u>	<u>Fall 2012</u>	<u>Fall 2015</u>
Minority student enrollment						
MC minority percent	56.4%	60.3%	64.2%	68.0%	70.1%	68.0%
Minority pct. of county adults	43.9%	45.6%	48.3%	48.6%	49.3%	
Minority percent of FT faculty	28.6%	28.2%	29.5%	29.4%	31.9%	32.0%
Minority percent of admin/prof. staff	38.0%	37.2%	38.4%	40.1%	42.5%	42.0%

PERFORMANCE MEASURES FOR MONTGOMERY COLLEGE

Economic Growth and Workforce Development

	Grads of 2000	Grads of 2002	Grads of 2005	Grads of 2008	Grads of 2011	Grads of 2014
Graduate satisfaction with job preparation	76.0%	79.0%	89.0%	83.0%	n/a	85.0%
	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2015</u>
Licensure exam pass rates						
Radiologic Technology	100.0%	95.0%	94.0%	94.0%	100.0%	90.0%
Nursing	89.1%	91.3%	95.2%	84.8%	93.0%	90.0%
Physical Therapy Asst.	100.0%	64.0%	83.0%	93.0%	94.0%	80.0%
Contract Training Courses						
Annual unduplicated headcount	3,792	2,392	1,864	2,681	3,133	3,500
Annual enrollment in courses	5,907	4,993	4,202	3,861	6,544	6,000

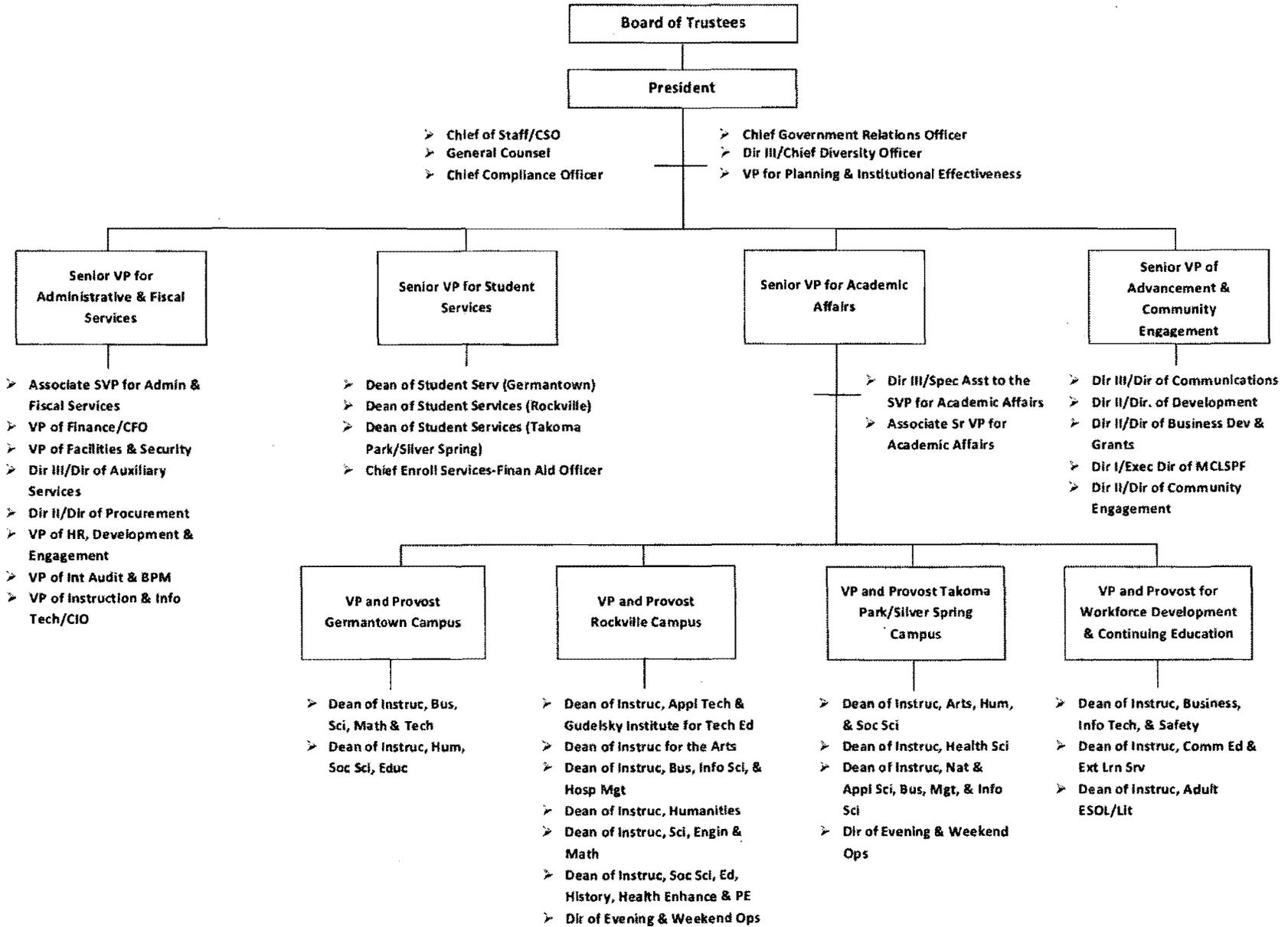
Community Outreach and Impact

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2015</u>
Noncredit community service and lifelong learning						
Annual unduplicated headcount	13,282	11,113	9,508	11,903	9,409	12,000
Annual enrollment in courses	20,918	16,287	18,889	17,756	13,800	19,000
Noncredit basic skills and literacy						
Annual unduplicated headcount	6,449	6,252	6,619	6,634	7,683	6,400
Annual enrollment in courses	11,251	11,022	11,910	12,521	13,730	11,000

Effective Use of Public Funding

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2015</u>
Expenditures on Instruction as a percent of total expenditures	40.7%	41.2%	40.9%	41.4%	41.4%	41.0%
Expenditures on Instruction + Academic Support as percent of total	50.8%	54.4%	53.3%	53.7%	52.3%	54.0%

Montgomery College Organizational Chart



MONTGOMERY COLLEGE

FY 2015 CURRENT FUND

<i>EXPENDITURES</i>	(000s)
FY 2014 Final Budget	\$227,728
Change for salary improvements and collective bargaining agreements (incl FICA)	9,871
Change for benefits	424
Change for Bioscience Education Center	4,215
Change for new faculty, nursing program staff and support, net	1,296
Change for Educational Excellence Initiatives	392
Change for ACES expansion	460
Change for Student Pathways to Completion	364
Change for Student Success and Completion initiatives, net	536 ←
Change for scholarships	166
Change for Community Engagement initiatives	650
Contractual, Compliance and Other Operation	1,024
Lapse and enrollment savings	<u>(2,679)</u>
Total	16,719
FY 2015 Budget Request	\$244,447

**MONTGOMERY COLLEGE CURRENT FUND
COUNTY EXECUTIVE RECOMMENDED FISCAL PLAN**

FY15-20

	FY14 Estimate	FY15 Request	FY16 Proj.	FY17 Proj.	FY18 Proj.	FY19 Proj.	FY20 Proj.
Beginning Fund Balance	15,690,244	11,511,131	4,023,113	4,070,608	4,200,012	4,531,219	4,655,919
Revenues							
General Fund Contribution	98,933,727	109,933,727	109,933,727	109,933,727	109,933,727	109,933,727	109,933,727
Tuition & Related Fees	82,094,404	82,221,884	81,773,808	81,401,678	81,211,815	80,842,242	80,653,684
<i>Hypothetical Tuition Increase</i>			12,492,071	18,174,877	24,157,422	29,625,379	34,919,092
Other Student Fees	1,668,717	1,438,157	1,430,320	1,423,811	1,420,490	1,414,025	1,410,727
State Aid	31,688,491	33,860,896	34,612,608	35,484,846	36,418,097	37,303,057	38,153,567
Fed, State & Priv. Gifts/Grants	325,000	325,000	325,000	325,000	325,000	325,000	325,000
Investment Income	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Performing Arts Center	135,000	135,000	135,000	135,000	135,000	135,000	135,000
Other Revenues (asset sales, lib. fines, rentals)	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000	1,135,000
Total Revenues	216,035,339	229,104,664	241,892,534	248,068,938	254,791,551	260,768,431	266,720,797
CIP CR	13,443,000	11,435,000	10,905,000	13,127,000	13,145,000	13,145,000	13,145,000
Subtotal Revenues and Transfers	229,478,339	240,539,664	252,797,534	261,195,938	267,936,551	273,913,431	279,865,797
Total Resources Available	245,168,583	252,050,795	256,820,647	265,266,546	272,136,563	278,444,649	284,521,716
County Share	44.9%	46.5%	45.5%	44.3%	43.2%	42.2%	41.2%
State Aid Share	14.4%	14.3%	14.3%	14.3%	14.3%	14.3%	14.3%
Tuition, Fees, Other Share	40.7%	39.2%	40.2%	41.3%	42.5%	43.5%	44.5%
Total Expenditures	(220,214,452)	(236,592,682)	(241,845,040)	(247,939,535)	(254,460,344)	(260,643,731)	(266,586,408)
CIP CR	(13,443,000)	(11,435,000)	(10,905,000)	(13,127,000)	(13,145,000)	(13,145,000)	(13,145,000)
End of Year Proj. Fund Bal.	11,511,131	4,023,113	4,070,608	4,200,012	4,531,219	4,655,919	4,790,308
Fund Bal as % of Resources less Contribution	8.7%	3.1%	3.0%	3.0%	3.0%	3.0%	3.0%

Assumptions:

- The table reflects, for analysis only, tuition increases to maintain fund balance in the 3% target range. The College Board of Trustees recommended FY15 tuition increases.
- The County's local contribution is held constant at the County Executive recommended FY15 level.
- Tuition and related fees change at the rate of change in Full Time Equivalent enrollment.
- State aid grows based on CPI.
- Expenditures increase at CPI.



February 6, 2014

Office of the President

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

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

Dear Mr. Leggett and Mr. Rice:

On behalf of Montgomery College and the students we serve, we thank you for your continued support of our work to provide quality education for our community. Last year you helped lift the burdens that the recession placed on the shoulders of our employees and students. Because of your support, for the first time in years, our employees received a real wage increase and our students benefited from a tuition freeze.

We respectfully submit for your consideration the College's fiscal year 2015 operating budget, which has been adopted by the Board of Trustees. This operating budget of \$244.4 million represents a 7.3 percent increase over last year's budget and includes compensation costs. This budget is a crucial investment in a high quality, locally provided postsecondary education—and it is essential to moving Montgomery forward.

Like much of our country, Montgomery County is at a crossroads; we must make crucial strategic decisions and bold investments if we are to maintain economic momentum. In his State of the Union Speech this year, President Obama acknowledged that “even in the midst of recovery, too many Americans are working more than ever just to get by; let alone get ahead.” His call? Build new ladders of opportunity into the middle class through good jobs. The president also noted that, in this rapidly changing economy, we have to make sure that *everyone* has the skills to fill those jobs.

This is true even in Montgomery County, where—despite a gilded reputation—we have faced real challenges during the recent recession. A third of our public school population now qualifies for free and reduced-priced meals. The number of families living in poverty has increased in our county at a greater magnitude than other counties in the region, including the District of Columbia, in the late 2000s. It can be hard to get ahead when the living wage needed to raise a family of four in Montgomery County is \$83,000 a year, and national data tells us that fewer

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than eight percent of students from the lowest income quartile obtain a bachelor's degree six years after high school graduation.

That's where community colleges come in; that's where Montgomery College is so essential to moving our county forward. Montgomery College is the linchpin between our school system and the Universities at Shady Grove, as well as to the workforce. Investing in a strong K–20 education system with an affordable postsecondary option is crucial to our county's economic future. Why? Because whether our high school graduates want to be engineers or mechanics, nurses or lab technicians, teachers or technical writers, they must have a postsecondary education. Investments in education must include your community college, your Montgomery College.

More than 38,000 students enrolled in credit programs and 24,000 in career, enrichment, and training programs at Montgomery College and are ready to compete successfully for local jobs. Employers should not have to import workers for middle- and high-skill positions. Montgomery College can—and does—prepare them right here in Montgomery County.

With your continued support, Montgomery College will do its part to ensure that all residents, no matter their circumstances, can improve their lives through a strong, affordable, locally provided postsecondary education. With an associate's degree in hand, a Montgomery College graduate will earn more money—\$639,000 more over the course of a career—than someone with only a high school diploma. But the economic benefit extends much further into the community: the average annual added income due to the activities of Montgomery College and its alumni working in the county adds up to \$1.1 billion.

Aligned with our strategic plan, *Montgomery College 2020*, the FY15 budget provides the strategic investments necessary to catch up from the effects of the recession and to propel Montgomery College forward as we work to ensure that every member of our community can benefit in the new economy.

BUDGET PRIORITIES

The College's critical priorities include protecting affordability, advancing excellence, enhancing access to postsecondary education, and driving success and completion.

Protecting Affordability

The Board of Trustees is concerned about the growing cost of college, and we appreciate the county's support of a tuition freeze last year. Montgomery College remains the most affordable higher education option for county residents, at \$4,452 per year in tuition and fees for a full-time student, but the cost is still a challenge for many of our students. A quarter of our students receive a Pell grant, which is federal financial aid for the neediest students. Our Pell student recipients have an average income of less than \$27,000, and the number of students who need help is growing. Financial aid applications are up by 60 percent over the last five years.

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It is a challenge to balance the need for enhanced revenue from students with the need to keep college affordable. Our budget does include a modest tuition increase, which means a corresponding increase in the consolidated fee. In addition, the budget assumes an increase in the transportation fund fee by \$1 per credit hour to help pay for the Rockville Campus Parking Garage. The total increase for a full-time student will be just over three percent, coming to a total cost of \$4,590—still a good value, but a significant expense for many.

Advancing Excellence

Compensation: As a community college, Montgomery College depends upon its faculty and staff to deliver excellent higher education and to provide support to help students achieve success. Our outstanding employees include people like English Professor Greg Wahl, named 2013 Maryland Professor of the Year. Montgomery College faculty members have won this distinction for five years in a row, living up to our mission of empowering students to change their lives.

In FY14 we negotiated a two-year compensation package with no reopener for our employees. The FY15 operating budget includes all compensation enhancements—a continuation of the agreements negotiated last year, increased benefit costs for employees, and a commitment to our talent management strategy that ensures a well-designed classification and compensation system based on internal equity and external market conditions. Our employees made sacrifices during the economic downturn, with furloughs of up to eight days in FY11 and no compensation adjustments to their base salaries for three years.

Personnel Infrastructure: The key to excellence is not only high quality faculty in the classroom, but also the supporting infrastructure—the broad array of personnel who help ensure we meet our mission every day, from building service workers to staff in human resources. With the recession, we held off making the necessary investments in key positions, and now the College must catch up and fill these positions.

Enhancing Access to Postsecondary Education

New Bioscience Education Center: Montgomery College continues to have the largest space deficit of any community college in the state of Maryland. The opening of the new Bioscience Education Center on the Germantown Campus in the fall of 2014 will add much-needed, state-of-the-art science education facilities for students; it will change the landscape of the Germantown Campus. Equipped with its own central plant, the building will increase the amount of square footage of the campus by 43 percent. The 145,136-square-foot facility is crucial to meeting local bioscience workforce needs and is an important element in the county's effort to attract and retain high-skilled, high-wage jobs, particularly in the biotech industry sector. The opening of this facility is also critical in developing the adjacent Hercules Pinkney Life Sciences Park, a science and technology business park that is an economic development priority of the county. The budget includes new positions to operate the new building.

New Full-time Faculty: Enrollment growth in certain disciplines such as the sciences, math, engineering, and nursing has increased substantially in the past several years. The College plans to expand course sections in these areas and to fulfill the College's full-time/part-time faculty ratio benchmark of 2:1. In some disciplines, the full-time/part-time ratio is far below this benchmark. This budget request for 13 new full-time faculty members across the three campuses would allow the College to serve greater numbers of students in high-demand disciplines such as science, technology, engineering, and mathematics, which are instrumental in providing the middle- and high-skilled workforce necessary for a thriving local economy. This request is part of our catch-up effort to build back our full-time/part-time faculty ratio.

Key Nursing Staff: The College has had success over the last seven years, despite the recession, in increasing the size of our nursing program by 55 percent (to 409 students), increasing access, and improving graduation rates and licensure pass rates. MC's most recent class of nursing graduates had a pass rate of 93 percent on the state licensure exam. We accomplished this through \$4.2 million in grants spread over multiple years—funds that helped the College obtain equipment and apply innovative efforts to remove barriers that hinder growth in the nursing program. We want to make permanent the successful elements of this effort, so we are seeking an investment of eight staff positions for our health sciences program, at a cost of approximately \$700,000.

This request supports a variety of efforts, including our work to broaden access and success by providing enhanced support to students and increasing the number of nursing students. It also supports the development of new nursing faculty, as there is not only a shortage of nurses, there is also a shortage of nursing faculty. As part of our work to expand our nursing program, we are investing in entry-level clinical instructors, hoping they will become full-time faculty through professional development and directed and purposeful mentorship. It is anticipated that Montgomery County alone will need over 3,000 new nurses by 2016. MC's role is crucial to meeting the local employer demands for nurses and expanding access to these high-wage jobs for residents.

Community Engagement: The operating budget features funding to address the part of the College's mission that enriches the life of the community. With a sense of urgency for the future, the College must go directly to our communities to meet residents where they are and help them get to where they want to go.

Beginning as a pilot program, we hope new community engagements centers will illuminate career pathways and educational opportunities for disconnected members of the community—people who might never have considered postsecondary education and training as a real possibility. Initially the centers will be co-located in existing facilities—either home to government operations or community partners—to leverage the collective impact of our efforts. These pilot centers will use existing funding and maximize the use of current programing. The College will expand this important work in the course of time when additional resources are available.

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Additionally, we need support for translation services for the College website, which often serves as the first point for obtaining information about the College. Translating the website into our county's five most commonly used languages will make it responsive to the Montgomery County of today and the future. With the growing population of first-generation college students, we realize that we must be able to engage students *and* their families to broaden access and ensure the success of those students.

Funds are also sought to enhance the College's visibility in the community and to further our engagement goals, including enhancing community partnerships, installing more welcoming and visible signage on campuses, providing specialized community events for general outreach, and promoting civic dialogue. Efforts also will include targeted promotion to enhance enrollment and retention in key disciplines such as science, technology, engineering, math, and business in ways that will build upon our successes in preparing students for jobs in the local economy. Further efforts will be focused on increasing a sense of community on our campuses to enhance student retention—students who feel connected to their campus are more likely to stay and graduate.

Driving Success and Completion

To move Montgomery forward in order to better serve the students of today, we are re-engineering how we do business. Our ultimate goal is enhanced student success and completion. The Achieving Collegiate Excellence and Success (ACES) program, which offers a clear pathway to a baccalaureate degree beginning with high school students, will expand to include a summer bridge program at the College for ACES students after high school graduation. It also adds two academic coaches at MC to continue supporting students once they are enrolled at the College.

This request also includes support for the College's new Welcome Centers, which serve as a first-stop at each campus to better support prospective students who need assistance with application, enrollment, and advising processes, as well as a resource for current students. Other success initiatives include maintaining a mentoring program for "at-risk" students, strengthening service learning, and expanding the partnership with the Montgomery County Department of Correction and Rehabilitation.

Given the growth in financial aid applications, we are also requesting a financial aid staff position and increased funding for institutional scholarship opportunities.

ENROLLMENT PROJECTIONS

While we are experiencing a lull in enrollment, we believe now is the time to catch up and invest in the infrastructure that will best serve our students and community and propel us forward as we work to ensure that every member of our community can benefit in the new economy. During the challenges of the recession when Montgomery College was experiencing an intense surge of enrollment, both county support and state aid were reduced.

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Over the past year, we enrolled 2,400 more students than we did in FY09, with less public support than we had in FY09. Montgomery College continues to have the largest enrollment of all community colleges in Maryland. The fall 2013 credit enrollment at the College slightly adjusted from our all-time high fall 2012 enrollment (over 27,000 students). Our enrollment this year is now at 2010 levels—and is still the third highest enrollment in our history.

Even with this change, the College continues to experience promising growth in certain high demand employer areas. For example, the combined enrollment in the sciences, math, engineering, nursing, and teacher education programs has doubled in the last five years, a promising trend that we hope to continue with this budget.

Overall enrollment is projected to decline again next year, most likely because of several factors, the first of which is the projected decrease in the number of Montgomery County public high school graduates over the next five years. While we anticipate our “draw rate” of county high school graduates to remain about the same—25 percent—the projected decrease in the total number of graduates leads us to lower our expected enrollment in the fall semester of 2014 to 25,983 credit students.

The next factor that is impacting enrollment is a trend impacting community college enrollments nationwide. Community college enrollments tend to increase during a recession, as people need retraining in new fields. As the economy improves, enrollment tends to drop off. Montgomery College is most likely experiencing this effect, one that has also been reported across the state and in Northern Virginia. Another factor that affects enrollment projections includes tightened eligibility for federal financial aid while tuition has increased over the past few years (although not in the fall of 2013).

Some industries and some employers have been reported to place a premium on skill attainment and on-the-job training in lieu of degrees. In response to such an emphasis, Montgomery College’s Workforce Development & Continuing Education area is very much focused on skills training and apprenticeships, and has seen upward trends in enrollment, reaching 44,800 course enrollments in FY13. (It should be noted that that WD&CE unit receives some state support but no county operating aid.)

Montgomery College remains focused on providing the most affordable education we can, by reaching out to potential new students through programs like ACES and our community engagement centers. Enrollment management is not just about new students; it is also about retaining our current students. Montgomery College’s budget request includes investments to help them succeed.

REVENUE SOURCES

The College’s anticipated state revenue is \$40.4 million in FY15. Of that, the current fund would receive \$33.8 million, a 6.8 percent increase from the prior year. The governor chose not to use the mandated Cade funding formula to provide operating support to Maryland’s community

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colleges. While his budget includes \$2,566,640 in new operating support for MC, had the governor used the Cade formula, it would have yielded \$3,406,802 in new support, or \$840,162 more in aid. Maryland's community colleges, including Montgomery College, will advocate this session for the use of Cade in FY15 and for a speedier return to original Cade-mandated funding levels.

While our ideal would be a continued tuition freeze for another year, this budget anticipates a \$3/\$6/\$9 per-credit-hour increase in tuition for in-county/in-state/out-of-state students. (The Board of Trustees officially acts on tuition rates in April.) This amount is an increase of 2.4 percent for students who reside in the county or who have recently graduated from Montgomery County Public Schools. Students who live outside Montgomery County and the state pay substantially more and face larger increases. With these proposed increases, the average full-time student will pay \$4,590 annually. The consolidated fee would also increase, as would a separate transportation fee, which goes to support the bonds for the Rockville Campus Parking Garage. Overall, tuition and related fees are expected to generate \$84 million, a decrease of four percent due to a fall-off in enrollment.

We are requesting an additional \$18.9 million in county support. More than \$15.1 million of the request will deliver same services, including compensation and the opening of the new Bioscience Education Center. Additional resources are also necessary to catch up and to begin to drive Montgomery College forward as we emerge from the recent recession. The College experienced historic enrollment growth at a time when resources dropped precipitously, given the unfortunate downturn in the economy. In fact, public aid for MC fell in the years following FY09—despite the fact that we enroll 2,400 more students now than we did in FY09. We contained our costs despite the need to expand and improve service delivery. Our employees and students shouldered the weight of the recession. Now we ask you to reinvest in your community's college—help us catch up and make strategic investments to meet the needs of the students of today.

Consistent with our commitment to employees and keeping tuition affordable to our students, the College is also committing \$7.5 million of our fund balance.

EXPENDITURE REQUESTS

The Current Fund expenditure appropriation request totals \$244.4 million, representing an increase of \$16,719,195 or 7.3 percent over last year. It was developed with these priorities in mind: ensuring access to higher education, which includes having an adequate cadre of faculty to teach our students; paying competitive salaries to attract and retain the best faculty and staff; providing student-centered services for success and completion; and focusing on *Montgomery College 2020* strategic initiatives to engage our community.

Our expenditure budget is detailed in the following sections.

Compensation and Benefits for our Employees—\$10.3 Million

- This budget requests an increase of \$9.9 million for compensation and includes the related FICA. This funds the second year of our negotiated salary improvement, which is driven primarily by our collective bargaining agreements and classification adjustments in alignment with our talent management strategy.
- Currently part-time faculty members are in the process of negotiating future salary rates for which the College included a placeholder consistent with what was negotiated in FY14.
- For the benefits area, we are requesting an increase of \$424,000, or 1.3 percent, resulting from increases in our group insurance benefits related to escalation, compensation absences related to negotiated salary increases, and additional funds for travel related to our education assistance program.

Opening of the Bioscience Education Center—\$4.2 Million

- The budget request for the opening of the Bioscience Education Center is \$4.2 million, of which \$2.5 million is related to positions, and \$1.7 million for operational costs.
- The Bioscience Education Center, which will increase the amount of square footage of the Germantown Campus by 43 percent, will have a considerable impact and will require 38 additional staff to operate to its capacity. Twenty of the positions are related to the cleaning, operation, security, and maintenance of the building. Twelve of the positions will support and staff the up-to-date biotechnology and science laboratories. Six positions will support the information technology infrastructure. Additional costs beyond staffing will be for utilities, maintenance, instructional supplies, and contracts.

Educational Enhancements—\$1.7 Million

- The College is seeking \$1.3 million for 13 new faculty positions across the three campuses and to permanently fund eight key health science staff positions and materials.
- The College is proposing several academic initiatives as well, at a cost of \$391,788. These include additional resources in the area of tutoring and support for English 101A students who assess at college-level reading, but not at college-level writing. These supports allow them to progress to a college-level English class. Funds would also support the library ethnographic assessments that will identify barriers to student success. This area also includes professional development funds for the advancement of faculty into management leadership roles, contractual support for our talent management strategy, and one staff member added for academic support at our Takoma Park/Silver Spring Campus.

Student Success and Completion—\$1.5 Million

- The College is seeking to add several positions in the area of student development. Eight of these positions will go to staff our Welcome Centers, one-stop shops for students who seek help with application, enrollment, and advising. One staff position is being requested to help process the increasing number of financial aid applications. Additional resources are being requested for student success initiatives such as delivering mandatory new-student orientation; providing textbooks on loan at our libraries to assist students in need; mentoring and career building at the correction facility; and strengthening student engagement activities. The budget request for these areas is \$535,910.
- The budget request to expand ACES is \$460,475, to fund two academic coaches at Montgomery College, provide additional operating funds for the summer bridge program, and address additional operating costs. Last year's rollout of ACES took place using mostly reallocated existing resources.
- Advising resources are needed to enhance our intervention with our students to provide pathways to success and completion. The budget request is for \$363,858.
- To provide additional financial assistance to serve our students we are asking for an additional \$166,268 in financial aid support.

Community Engagement—\$650,000

- The College is requesting \$250,000 to translate our website into five commonly used languages, in alignment with the top languages used at our county public schools, to better serve our diverse students and community.
- The College is requesting \$270,000 to enhance the College's visibility in the community for furthering our partnerships, for welcoming signage, and for specialized community events.
- The College is requesting \$130,000 in funds for targeted outreach in key disciplines such as science, technology, engineering, math, and business to build on our successes in meeting workforce goals in these industries.

Contractual Compliance and Other Operations—\$1 million

- The College is continuing its important work in the area of talent management to strengthen our recruitment of highly qualified faculty, staff, and administrators. We are requesting an additional position to oversee our new talent management program, a position to lead our new governance system, an additional legal position, and an ombuds position for enhanced employee voice and resolution. The budget request is \$389,982.
- Funds are also being requested to pay for increases in risk management, utilities, leases,

fuel costs, and maintenance contracts that increase each year. The budget request for other operations totals \$633,792.

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—\$18.2 million

- The appropriation request for the Workforce Development & Continuing Education Fund is \$18, 200,205 and includes the addition of 8.5 staff. New programming in high demand areas includes health information technology, cosmetology, veterinary technician, "greening" across the curriculum, and vocational English for Speakers of Other Languages (ESOL). To better serve the constituents at our various locations, we are requesting 6.5 staff members for customer support services, one as a permanent course scheduler, and one for electronic marketing support.
- We had more than 24,000 students enrolled in Workforce Development & Continuing Education programs. The College continues to be a popular choice for students seeking career programs such construction trades and automotive technology. Such students rely heavily on our Workforce Development & Continuing Education programs. In today's economy, a postsecondary education—credit or noncredit—is vital to earning a living wage.

Auxiliary Enterprises Fund—\$5.9 million

- The appropriation request for the Auxiliary Enterprises Fund is \$5,918,157. These funds are comprised of childcare, retail operations, food services, the Parilla Performing Arts Center, and other facilities rentals. This fund is an enterprise fund and no county funding is requested.

50th Anniversary Endowment Fund—\$263,000

- The College is requesting appropriation authority of \$263,000 for the 50th Anniversary Endowment Fund to plan for the Hercules Pinkney Life Sciences Park at the Germantown Campus. No county contribution is requested.

Cable Fund—\$1.5 Million

- The appropriation amount requested for the Cable Fund is \$1,505,000 and is funded through the county cable plan.

Grants Fund—\$20.2 Million

- The College is requesting Grant Fund appropriation authority in the amount of \$20,173,000. Of this amount, \$400,000 is requested in county funds for the Adult ESOL/Adult Basic Education/GED program, which is the same amount as was appropriated in FY14.

Transportation Fund—\$3.5 Million

- The Transportation Fund is comprised entirely of user fees from our students, employees, and certain contract staff. The fund also includes parking enforcement revenue. All revenue will be used to pay for lease costs related to the Takoma Park/Silver Spring West Parking Garage. Through this fund, the College will also pay the county for Ride On bus service for our students. The Board of Trustees will be asked to approve a \$1 per- credit-hour fee increase to support the Rockville Parking Garage at its April meeting. This will change the transportation fee from \$4 to \$5 per credit hour. The appropriation request is \$3.5 million.

Major Facilities Reserve Fund—\$3.5 Million

- The College is requesting appropriation authority for the Major Facilities Reserve Fund in the amount of \$3.5 million for lease payments to the Montgomery College Foundation for lease of The Morris and Gwendolyn Cafritz Foundation Arts Center. This fund is entirely comprised of user fees, and no county funds are requested.

CONCLUSION

The Board of Trustees, faculty, and staff of Montgomery College remain deeply committed to empowering students to change their lives. We are inspired to work with county officials to build ladders of success in Montgomery County. The Montgomery College fiscal year 2015 budget focuses on these four key priorities: protecting affordability, advancing excellence, enhancing access to postsecondary education, and driving success and completion.

In summary, the Montgomery College budget for FY15 consists of a request of \$244,446,890 appropriation for the Current Fund. Of this amount, we are requesting funding of \$117,787,935, which is a 19 percent increase from last year, from the county. The College is also requesting \$350,000 for the Emergency Plant Maintenance and Repair Fund, of which \$250,000 is requested in county funds; \$20,173,000 for federal, state, and private grants, and contracts of which \$400,000 is requested in county funds for the Adult ESOL/Adult Basic Education/GED program; and \$1,505,000 for cable television as funded through the county cable plan. An additional \$27,618,362 is budgeted for the self-supporting funds of Workforce

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Development & Continuing Education, Auxiliary Enterprises, and Transportation Funds; \$3.5 million for the Major Facilities Reserve Fund; and \$263,000 for the 50th Anniversary Endowment Fund.

Taking all these funds into account, the Montgomery College Board of Trustees respectfully requests total expenditure authority of \$297,856,252. We appreciate your careful review and consideration of this operating budget request. Your ongoing support of Montgomery College, and the pivotal role we play in providing a strong K-20 education system and in supporting a robust economy is greatly appreciated. We are grateful that your vision includes education as a top priority, and we pledge to do our part to move Montgomery—and all its residents—forward.

Sincerely yours,



Reginald M. Felton
Chair, Board of Trustees



DeRionne P. Pollard, PhD
President