



Committee: E&C
Committee Review: Completed
Staff: Essie McGuire, Senior Legislative Analyst
Purpose: To make preliminary decisions – straw vote expected
Keywords: #Montgomery College

AGENDA ITEM #1
 May 12, 2023
Worksession

SUBJECT

Montgomery College FY24 Operating Budget and CIP Additional Technical Adjustment

EXPECTED ATTENDEES

- Dr. Jermaine Williams, President of Montgomery College (MC)
- Sherwin Collette, Senior Vice President for Administrative and Fiscal Services, MC
- Liz Greaney, Chief Business/Financial Strategy Office, MC
- Susan Madden, Chief Government Relations Officer, MC
- Linda Hickey, Budget Coordinator, MC
- Julie Knight, Fiscal and Policy Analyst, Office of Management and Budget

FY24 COUNTY EXECUTIVE RECOMMENDATION

Montgomery College	FY23 Approved	FY24 CE Recommended	Change from FY23 Approved
Total Expenditures (General Fund)	\$274,509,984	\$280,235,062	2.1%
Personnel Costs	\$220,519,703	\$221,722,008	0.5%
	1,813.85 FTEs	1,813.85 FTEs	--
Operating Costs	\$53,990,281	\$58,513,054	8.3%

- The Executive recommends fully funding all elements of the Montgomery College FY24 operating budget request.

Montgomery College Operating Budget Summary by Fund

Montgomery College	FY23 Approved	FY24 CE Recommended	Change from FY23 Approved
Current Fund	\$274,509,984	\$280,235,062	2.1%
FTE	1,813.85	1,813.85	--
Grant Fund	\$16,324,000	\$18,995,000	16.4%
FTE	0.0	0.0	--
Emergency Repair Fund	\$350,000	\$350,000	0.0%
FTE	0.0	0.0	--
Auxiliary Fund	\$1,823,008	\$1,959,598	7.5%
FTE	2.0	3.0	1

Workforce Dev. & Continuing Ed.	\$20,286,957	\$22,748,598	12.1%
FTE	93.50	93.50	--
Cable Television Fund	\$1,856,800	\$1,976,800	6.5%
FTE	11.0	11.0	--
Major Facilities Reserve Fund	\$2,000,000	\$14,300,000	615.0%
FTE	0.0	0.0	--
MC Grants Tax Supported fund	\$400,000	\$400,000	0.0%
FTE	0.0	0.0	--
Transportation Fund	\$4,200,000	\$4,200,000	0.0%
FTE	1.0	1.0	--
Total Expenditures (All Funds)	\$321,750,749 1,921.35 FTEs	\$345,165,058 1,922.35 FTEs	7.3% 1.0

COMMITTEE RECOMMENDATIONS

- The E&C Committee recommended approval of the College’s FY24 Operating Budget request, including the Current Fund, Major Facilities Reserve Fund, and other non-tax-supported funds.
- The College has requested Maintenance of Effort, the minimum funding level required from the County, and makes effective use of other resources including existing accumulated fund balance to support key priorities.

SUMMARY OF KEY ISSUES

- **The College’s budget assumes the first tuition increase since FY20.** The rate per semester hour will increase by \$2/\$4/\$6. Since FY20, the rate per semester hour has been: \$132—County resident; \$269—State resident; and \$374—Non-resident.
- **The College assumed \$57.5 million in FY24 State Aid funding** for the Current Fund; an increase of \$1.9 million.
- **Maintenance of Effort (MOE) for Montgomery College** requires the County provide the same amount of local funding as in the previous year. The College requested an MOE budget of level funding from the County of \$148.4 million.
- The College’s request includes using a total of **\$20.5 million in fund balance** as part of the FY24 budget. Even with this large expenditure of fund balance, the College is projected to have an FY24 start-of-year fund balance of \$27.3 million.
- Overall, Current Fund expenditures have **increased** to support 1) the East County Education Center; 2) employee compensation; 3) contractual and operational expenses; and 4) student scholarships.

- The College reports that enrollment, which has been declining since 2014, appears to be stabilizing; the College projects that enrollment will begin to increase in Fall 2023.
- The Committee received an update on the implementation of the East County Education Center. For FY24, the College is not requesting any additional operating dollars specifically for the East County Center. The College is however investing significant funds in the physical plant for the East County Educational Center, by requesting to transfer \$10 million in fund balance from the Current Fund and \$2.3 million in fund balance from WDCE to the Major Facilities Reserve Fund to support renovations. The College stated that the East County Educational Center facility work is anticipated to be complete in late 2023 or early 2024.

This section prepared by Nazeefa Hossain, Council Post-Graduate Fellow

- **Montgomery College CIP – Additional Technical Adjustment**
- On April 18, the Council took a straw vote to approve the Montgomery College CIP as recommended the by Education and Culture Committee. This action included adopting the College’s non-recommended reductions to address the Executive’s affordability reductions and identified \$2.9 million in GO Bonds reduced from the Germantown Student Services Center project as a high priority for restoration during CIP reconciliation.
- Since then, the College learned that the State did not approve \$418,000 in the funding requested for the Takoma Park/Silver Spring (TPSS) Library renovations within the Collegewide Library Renovations Project. To cover the reduced funding, the College is requesting a technical adjustment to transfer \$418,000 from the Planning, Design, and Construction project to the Collegewide Library Renovations project. The requested adjustments for each project are detailed below. **Council staff recommends approval of the technical adjustment as requested by the College.**
- **Collegewide Library Renovations.** The College’s updated request would not impact the total FY24 funding for this project of \$12.312 million, but would change the distribution of funding by source. GO Bond funding in FY24 would increase by \$418,000, and State Aid funding would decrease by the equivalent amount.

Collegewide Library Renovations FY23-28 CIP (\$ in 000’s)	Total 6 Years	FY23	FY24	FY25	FY26	FY27	FY28
Current Approved	32,814	2,500	8,812	17,258	4,244	--	--
MC Request	39,212	2,500	12,312	19,954	4,446	--	--
<i>Change from Approved</i>	6,398	0	3,500	2,696	202	--	--
CCL Recommended (4/18/23)	39,212	2,500	12,312	19,954	4,446	--	--
<i>Change by Funding Source</i>							
<i>Go Bonds</i>	19,081	725	6,156	9,977	2,223	--	--
<i>State Aid</i>	20,131	1,775	6,156	9,977	2,233	--	--
MC Change (5/2/23)	39,212	2,500	12,312	19,954	4,446	--	--
<i>Change by Funding Source</i>							
<i>GO Bonds</i>	19,081	725	6,574	9,997	2,223	--	--
<i>State Aid</i>	20,131	1,775	5,738	9,997	2,223	--	--

- **Planning, Design, and Construction.** The College’s updated request would reduce the total FY24 funding for this project by \$418,000. The reduction would occur in GO Bonds.

Planning, Design, and Construction FY23-28 CIP (\$ in 000's)	Total 6 Years	FY23	FY24	FY25	FY26	FY27	FY28
Current Approved	11,500	1,900	2,000	1,900	1,900	1,900	1,900
MC Request	11,500	1,900	2,000	1,900	1,900	1,900	1,900
<i>Change from Approved</i>	0	0	0	0	0	0	0
CCL Recommended (4/18/23)	11,500	1,900	2,000	1,900	1,900	1,900	1,900
<i>Change by Funding Source</i>							
<i>Current Revenue: General</i>	4,468	728	828	728	728	728	728
<i>GO Bonds</i>	7,032	1,172	1,172	1,172	1,172	1,172	1,172
MC Change (5/2/23)	11,500	1,900	1,582	1,900	1,900	1,900	1,900
<i>Change by Funding Source</i>							
<i>Current Revenue: General</i>	4,468	728	828	728	728	728	728
<i>GO Bonds</i>	7,032	1,172	754	1,172	1,172	1,172	1,172

This report contains:

Staff Report

Pages 1-12

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MEMORANDUM

April 17, 2023

TO: Education and Culture Committee
 FROM: Essie McGuire, Senior Legislative Analyst
 SUBJECT: Worksession – Montgomery College FY24 Operating Budget
 PURPOSE: Review and make recommendations for Council consideration

Expected Participants:

- Dr. Jermaine Williams, President of Montgomery College (MC)
- Sherwin Collette, Senior Vice President for Administrative and Fiscal Services, MC
- Liz Greaney, Chief Business/Financial Strategy Office, MC
- Susan Madden, Chief Government Relations Officer, MC
- Linda Hickey, Budget Coordinator, MC
- Julie Knight, Fiscal and Policy Analyst, Office of Management and Budget

Table 1: Montgomery College Operating Budget Summary by Fund

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Council President’s Approach to the FY24 Operating Budget

Council President Glass sent a memorandum to his colleagues outlining his intended approach for the Committees and Council to reviewing additions in the FY24 Operating Budget above the FY23 approved funding level. This memorandum is attached on circles 67-69. Council staff highlights the following aspects that are particularly relevant to the E&C Committee review:

- All tax supported additions, whether originated by the Executive or Councilmembers, are to be placed on the reconciliation list.
- Items on the reconciliation list must be identified as “high priority” or “priority”; items can be split with funding in both categories.
- Committees should work to identify other base budget reductions to the extent possible.

Council staff notes that Montgomery College requested FY24 County funding at the Maintenance of Effort level, which is the same level of County funding as approved in FY23. Funding at this level would not require placing any funds on the reconciliation list.

Today’s worksession will focus on Montgomery College’s FY24 operating budget. Specifically, the Committee will review the following:

- A. Operating Budget Overview** provides a summary of the Board of Trustee’s request and County Executive recommendation, COVID-19 relief funding, and racial equity information.
- B. Enrollment & Staffing** reviews the College’s enrollment trends, tuition revenue, and employee compensation and benefits.
- C. Programmatic Service Changes** discusses Current Fund funding for the East County Education Center and additional expenditures.
- D. Non-Tax Supported Funds** highlights requested expenditure amounts and key changes from FY22.
- E. Committee Operating Budget Recommendation** notes Council staff’s recommendation.

A. Operating Budget Overview

The budget transmittal letter from the Board Chair and the College President to the County Executive and the Council President is attached at ©1 and provides details on the revenue and expenditure assumptions in the College’s budget request. The Executive’s recommendation is attached at ©48. The Executive recommends fully funding all elements of the College’s operating budget request.

- 1. Current Fund.** The Current Fund consists of the major tax-supported elements of the College’s budget. Table 2 shows the College’s Current Fund by major funding source, including the FY23 approved level and the College’s FY24 request.

Table 2. Montgomery College’s Current Fund By Major Funding Source

Source	FY23 Approved		FY24 Request		Difference
	\$	%	\$	%	
County	148,409,696	54.1	148,409,696	53.0	0
Tuition and Fees	56,126,488	20.4	58,997,700	21.1	2,871,212
Other Student Fees	2,280,208	0.8	2,698,136	1.0	417,928
State Aid	55,636,880	20.3	57,514,404	20.5	1,877,524
Fed. State & Private Gifts & Grants	300,000	0.1	500,000	0.2	200,000
Other Revenues	1,621,949	0.6	2,371,949	0.8	750,000
Revenue Transfers	(510,000)	-	(10,794,749)	-	(10,284,749)
Fund Balance	10,644,763	3.9	20,537,926	7.3	9,893,163
Total Current Fund	274,509,984	100.0	280,235,062	100.0	5,725,078

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

- **The College’s budget assumes the first tuition increase since FY20.** The rate per semester hour will increase by \$2/\$4/\$6. Since FY20, the rate per semester hour has been: \$132—County resident; \$269—State resident; and \$374—Non-resident.
- **The College assumed \$57.5 million in FY24 State Aid funding** (as shown in their request) for the Current Fund; an increase of \$1.9 million.
- **Maintenance of Effort (MOE) for Montgomery College** requires the County provide the same amount of local funding as in the previous year. The College requested an MOE budget of level funding from the County of \$148.4 million.
- The College’s request includes using a total of **\$20.5 million in fund balance** as part of the FY24 budget. Even with this large expenditure of fund balance, the College is projected to have an FY24 start-of-year fund balance of \$27.3 million.
- Overall, Current Fund expenditures have **increased** to support 1) the East County Education Center; 2) employee compensation; 3) contractual and operational expenses; and 4) student scholarships.
- An increase is requested in the appropriation for the **Emergency Plant Maintenance and Repair Fund (\$350,000)**. The requested increase is for use of fund balance; the amount of County funding requested for this fund remains the same at \$250,000. This fund provides for unanticipated expenditures to make emergency repairs not funded elsewhere in the budget.
- **Tax supported grant funds (\$400,000)** are recommended for level funding from FY23; this fund provides for community needs not met elsewhere in the budget and supports the College’s adult literacy program.

Workforce Development and Continuing Education (WDCE) Fund: The College also receives State Aid for the WDCE fund, which is separate from the Current Fund. The College received \$13,578,568 from the State for WDCE, an increase of 30.3% from the prior year. The total State Aid for both the Current Fund and WDCE is \$71 million.

Fund Balance-Current Fund. The College’s request includes utilizing \$20.5 million in FY23 fund balance towards the Current Fund appropriation. The College’s projected remaining available total fund balance/reserve for the start of FY24 is \$27.3 million. The updated Table 3 below summarizes the total fund balance amount for each fiscal year (6/30) available for use in the next fiscal year.

The College has had an increasing fund balance for several fiscal years, and in recent budget discussions, the Committee has reviewed the College’s fund balance trends. For FY23, the Council appropriated an additional \$5 million of fund balance to offset new County funds toward the overall funding request.

Council staff supports the approach that the College is taking in FY24 to make significant use of fund balance and to reduce the level of new County funds required to meet FY24 priorities. Of the \$20.5 million of fund balance proposed for use, \$10 million will be transferred to the Major Facilities Reserve Fund to support build out of the East County Education Center. The remainder will support the Current Fund.

Even with this large appropriation of fund balance, the College will still have a higher amount remaining at the start of FY24. Below is an updated comparison to the Council’s Reserves and Selected Fiscal Policies resolution (most recently revised and updated in March 2021). The approved resolution includes a section detailing reserve policies for the tax supported County agencies. For Montgomery College, the policy states:

Montgomery College. The reserve in the Current Fund should be 3% to 5% of the budgeted resources minus the annual contribution from the County. The target reserve resolution No.: 19-753 in the Emergency Plant Maintenance and Repair Fund – as stated in Resolution No. 11- 2292, approved by the Council on October 16, 1990 – “may accumulate up to \$1,000,000 in unappropriated fund balance, such goal to be attained over a period of years, as fiscal conditions permit.”

Table 3 details the beginning and projected ending balance in the College’s Current Fund in the FY16-23 approved budgets and the College’s requested FY24 budget. The projected ending balance has been at or near the 3-5% policy requirement each year until it jumped substantially in FY21 to 14.92% and is projected at over 20% in FY24.

Table 3. Montgomery College’s Current Fund – Fund Balance/Reserve, FY16-FY24 Request

Year	Beginning Balance	Used to Fund Budget	Held for Scholarships	Projected Available Balance	
				\$’s	%*
FY16 Approved	\$12,811,385	\$7,015,607	\$-	\$5,795,778	4.47%
FY17 Approved	\$8,415,617	\$4,497,555	\$-	\$3,918,062	3.00%
FY18 Approved	\$6,784,389	\$2,559,470	\$-	\$4,224,919	3.33%
FY19 Approved	\$8,857,877	\$4,560,000	\$505,000	\$3,792,877	2.99%
FY20 Approved	\$7,025,800	\$2,970,448	\$345,132	\$3,710,220	3.00%
FY21 Approved	\$23,764,141	\$1,919,936	\$233,797	\$21,610,408	14.92%
FY22 Approved	\$33,110,876	\$5,958,823	\$74,473	\$27,077,580	18.52%
FY23 Approved	\$34,097,435	\$10,644,763	\$-	\$23,452,672	18.60%
FY24 MC Request	\$47,783,309	\$20,537,926	\$-	\$27,245,383	20.67%

*Calculated per the County’s approved [Reserve and Select Fiscal Policies](#).

College staff reports that several factors have resulted in the larger than typical fund balances, including: 1) implementation of the market-based compensation plan, 2) fiscal austerity efforts related to economic and funding uncertainty, 3) participation in County savings plans, and 4) remote services which yielded lower than anticipated expenditures.

The College’s FY24 budget request makes reasonable use of the fund balance and requests Maintenance of Effort from the County. The College and the Committee will continue to monitor the fund balance/reserve in the Current Fund over the coming year and into the FY25 budget discussions.











2. COVID-19 Relief Funding




During the COVID-19 pandemic, the College was awarded federal and state relief funding for both institutional purposes and direct student aid. The Higher Education Emergency Relief Fund (HEERF) provided the three largest awards to the College. Table 4 summarizes the HEERF I, II, and III funding allocations. The College provided additional detail on allowable expenditures and award amounts (© 64-66).

The College received approximately \$77.0 million and has expended \$73.8 million; approximately \$3.2 million remains as of March 31, 2023. The performance period for these funds is through June 2023. The Council has already approved the entire institutional HEERF appropriations for the College (the Council does not need to approve funds used for student aid). The Committee does not need to make a recommendation related to the relief funding at this time.

Institutional Funds. The College utilized 46% of their total award as emergency aid for students, as required. The remaining funds will be used for “infrastructure improvements related to COVID-19 safety, laptop distributions to students, technology for remote teaching and learning, faculty training and lab development, and lost operational revenues (paying unpaid student tuition bills).”

**Table 4. Montgomery College Institutional HEERF Funding
HEERF I, II & III Budget Expended (Inception to Date)**

	Budget	Expended to Date	Difference	Budget Expended	
Student Emergency Aids & MSI	35,758,367	34,981,347	(777,020)		97.8%
Lost Revenues	12,141,656	11,828,203	(313,453)		97.4%
Laptops Distributed to Students	118,652	88,936	(29,716)		75.0%
Faculty Training & Lab Development	2,569,804	2,569,804	-		100.0%
Tech for Remote Teaching & Working	5,511,719	5,518,015	6,296		100.1%
In-person Activities and Supplies	1,392,171	848,815	(543,356)		61.0%
Infrastructure Improvements	16,734,810	16,986,596	251,786		101.5%
Staffing for Return to Campus	1,615,973	1,018,995	(596,978)		63.1%
Others - Unobligated (to be spent in FY23)	1,177,380	-	(1,177,380)		0.0%
Total	77,020,532	73,840,711	(3,179,821)		95.9%

 Below Expectations  Monitor Against Expectations  Meeting or Above Expectations

3. Racial Equity and Social Justice.

Montgomery College serves all members of the community and aims to promote racial equity and social justice throughout the entire system. The College states they serve the needs of the community through “offerings in workforce education, certificate programs, college transfer academic programs and opportunities for life-long learning and youth programs.”

Demographics. Table 5 below provides demographic information by race/ethnicity for the College’s 2021 enrollment.

Table 5. Montgomery College Enrollment

	Germantown		Rockville		Takoma Park /Silver Spring		Distance Education		Collegewide *	
	7,110	100%	12,852	100%	6,924	100%	6,708	100%	17,284	100%
Asian	960	13.5%	1,629	12.7%	771	11.1%	816	12.2%	2,164	12.5%
Black	1,776	25.0%	3,236	25.2%	2,074	30.0%	1,884	28.1%	4,575	26.5%
Hispanic	1,909	26.8%	3,499	27.2%	1,787	25.8%	1,654	24.7%	4,560	26.4%
Multi-Race	273	3.8%	456	3.5%	246	3.6%	236	3.5%	615	3.6%
Native Am. & Pacific Islanders	36	0.5%	49	0.4%	21	0.3%	32	0.5%	69	0.4%
White	1,448	20.4%	2,625	20.4%	1,282	18.5%	1,405	20.9%	3,576	20.7%
Foreign & Unknown	708	10.0%	1,358	10.6%	743	10.7%	681	10.2%	1,725	10%

Race is based on IPEDS definitions.

Over half of the College’s enrollment is composed of Black and Hispanic students and approximately 70% of the College’s enrollment are students of color. In addition, the federal government has identified the College as a Minority Serving Institution (MSI) and is designated

as a Hispanic Serving Institution (HSI) and an Asian American and Native American Pacific Islander-Serving Institution.

Promoting Racial Equity. The College has identified the following initiatives and measures used to promote racial equity.

Initiatives:

- The College provides multiple low cost “on-ramps” into the institution for every type of individual from a K-12 student to recently retired individuals desiring to learn a new skill. County residents (and beyond) are able to improve their skill and gain opportunities for upward economic mobility thus resulting in a more equitable representation of professionals in key County economic sectors.
- The Board of Trustees approved the Affirmation of Montgomery College Values resolution on racial inclusion.
- The President’s Advisory Committee on Equity & Inclusion (PACEI) meets monthly to help create an inclusive, civil, and respectful community that achieves equity for all Montgomery College students, employees, and business partners. It is made up of diverse stakeholders.
- The Office of Equity and Inclusion promotes and creates a working and learning environment rooted in fairness, diversity, and inclusiveness.
- The Chief Equity and Inclusion Officer is a member of the President’s strategic leadership team.
- Equity and Inclusion Roadmap for Success 2020-2025 Plan.

Qualitative and Quantitative Data Tracking:

- College Area Review process collects data at the individual department levels.
- Multiple surveys and focus groups are used to collect qualitative data from students and faculty (e.g., Employee Engagement, Ethics, and Equity/Inclusion Survey).
- The Student Success Score Card and the Performance Accountability Report are used to monitor and disaggregate data on a variety of measures (retention, graduation rates, etc.).
- Additional quantitative measures are collected and tracked related to program access and outcomes on individual initiatives (e.g., ACES).

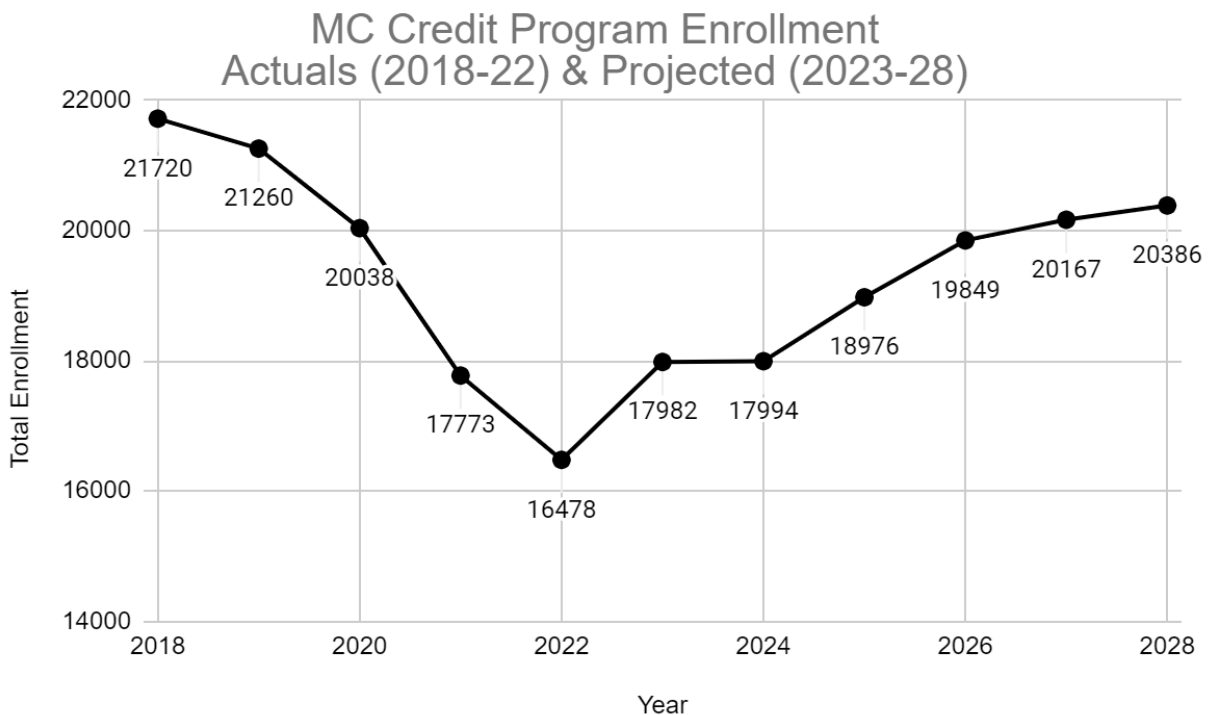
B. Enrollment & Staffing

1. Enrollment

Montgomery College is the largest community college in Maryland serving residents from the County and beyond, including MCPS high school students and graduates. However, total enrollment projections and credit hours have declined since approximately 2014 (Graph 1 below). In addition, the COVID-19 pandemic created enrollment uncertainties for community colleges across the nation. However, the College notes that enrollment appears to be stabilizing, and now projects that enrollment will begin to increase in Fall 2023. These projections show more increases more quickly than projections from last year. Highlights and factors include the following:

- The College notes the FY24 credit hours are budgeted at 332,076—a 4.3% increase from the credit hours projected in FY23. FY23 actuals now show an increase of 2.6% over projections.
- The College also stated that the “draw-rate” from Montgomery County Public Schools (MCPS) has declined for three years, but in Fall 2022 increased slightly. MCPS 12th grade enrollment is also projected to begin to slightly increase and stabilize in the coming years.
- The number of high school students who come to Montgomery College before graduating has also been increasing, and is likely to continue to grow under the initiatives of the Blueprint for Maryland’s Future implementation.
- The projections as reflected in Graph 1 below indicate enrollment stability with the potential for recovery increases in Fall 2027.

Graph 1. Total Enrollment in College Credit Programs-Actuals (2018-2022) & Projected (2023-2028)



- The College continues to assess and innovate around increasing enrollment; efforts are detailed in the budget transmittal letter (circle 2-4) and include adding an associate senior vice president for student affairs/enrollment management.
- The College anticipates similar enrollment trends of moderate growth in Workforce Development and Continuing Education (WDCE) students; in FY22 the College served 3500 FTE students in these programs and projects 3600 FTE students in FY24.

Enrollment & Sustainability. The enrollment declines over recent years subsequently impacted tuition revenue and fees; this category of revenue serves as the second highest source of funding for the College. The County’s contribution serves as the highest source of revenue. The College has maintained level tuition rates to support current and future students since FY20. It is important to note there has been a State limitation on increasing in-County tuition rates since the 2019-2020 school year: “a community college in Maryland may not increase the in-county tuition rate over the prior year by more than the greater of 1) the increase in the 3-year rolling average of the State’s median family income or 2) 4% over the prior year tuition rate.” In addition, the College states they have faced tuition revenue shortfalls due to actuals not meeting estimates.

For FY24, the College recommends an increase in student tuition and fees for the first time since FY20; an increase of \$2/\$4/\$6: in-County/out-of-County/out-of-State. This results in the average full-time, in-County student paying \$5,394 next year, a 1.4% increase from last year. Tuition and student fees constitute 22% of the FY24 Current Fund budget, approximately \$61.7 million.

2. Positions

The College’s FY24 Operating Budget request adds one position in the Auxiliary fund; that is the only change in FTE from FY23 to FY24.

Table 6. Summary of FY24 Positions

	Instructional Faculty	Counselors	Administrators	Staff	Total
Operating Budget	546.00	61.00	85.00	1,121.85	1,813.85
WDCE			3.00	90.50	93.50
Auxiliary Enterprises			1.00	2.00	3.00
Transportation				1.00	1.00
Cable TV				11.00	11.00
Capital Budget				32.00	32.00
Total	546.00	61.00	89.00	1,258.35	1,954.35

3. Compensation and Benefits

The College’s FY24 request includes \$1.2 million in increased compensation and benefit costs; the total amount for salaries and benefits in the Current Fund increased from \$220.5 million to \$221.7 million. The information below summarizes the College’s FY24 request for compensation increases; it comes from the Government Operations and Fiscal Policy Committee Staff Report for the April 14, 2023, Review of Compensation Across All Agencies. The report can be found at https://www.montgomerycountymd.gov/council/Resources/Files/agenda/cm/2023/20230414/20230414_GO1.pdf

Pay adjustments. Montgomery College’s recommended FY23 operating budget includes an estimated increase of \$1.1 million for pay adjustments. The College recently concluded negotiations with the American Federation of State, County and Municipal Employees (AFSME)

for a collective bargaining agreement for FY23-FY25 that includes a 3.5% salary increase (effective July 1, 2022) for staff who have been in the bargaining unit for at least six months. The College also concluded negotiations with the American Association of University Professors (AAUP). The agreement with AAUP provides a flat salary increase of \$3,270 (effective on the first day of the academic year) for all faculty members who have been in the bargaining unit for at least one semester. The College did not request wage increases in their FY22 operating budget. Montgomery College recently concluded negotiations with the American Federation of State, County and Municipal Employees (AFSCME) for a collective bargaining agreement that includes a total 6.0% pay increase for employees not at the maximum salary for their grade level. Employees whose wage adjustment is less than \$1,000 will receive a stipend (not added to their base salary) to make their increase total to \$2,000. Employees at the maximum pay for their grade level would not receive a salary adjustment but would receive a \$2,000 stipend (not added to their base salary). The College also concluded negotiations with the American Association of University Professors (AAUP). The agreement with AAUP provides a flat salary increase of \$2,700 plus a 3.0% salary adjustment up to the pay grade maximum.

The College recently negotiated a 6% wage adjustment for part-time faculty (represented by the Service Employees International Union, SEIU) not at maximum pay for their grade. As of the writing of this memorandum, SEIU members had yet to ratify the negotiated contract. The estimated combined cost of the College's FY24 compensation increases totals \$1.05 million.

C. Programmatic Service Changes

Montgomery College's total requested Current Fund budget of \$280.2 million reflects an increase of \$5.725 million or 2.1% from FY23. No new positions are included in the Current Fund request.

College Highlighted Current Fund Expenditure Increases:

- Pay adjustments/wage increases: \$1.1 million
- Higher utility costs and contractual escalations: \$4.6 million; and
- Additional scholarship funds: \$90,000

East County Education Center

In FY23, the College requested and the Council approved funds to launch the East County Education Center. East County has been identified as an underserved region in the County¹. In FY23 the College allocated a total of \$4.4 million in current fund revenue for staffing and operational expenses such as leasing costs, furniture and equipment, instructional faculty, and outreach. In FY23 the College also increased staff positions by 10.5 FTE specifically for the Center. The position types added in FY23 are outlined below:

- 3.0 FTE for Enrollment and Student Access Specialists

¹ <https://www.montgomerycollege.edu/documents/offices/planning-and-policy/strategic-planning/montgomery-college-expansion-feasibility-report.pdf>

- 3.0 FTE for Public Safety Officers
- 2.5 FTE for Building Services
- 1.0 FTE for an Administrative Aide
- 1.0 FTE for an Information Technology Specialist

For FY24, the College is not requesting any additional operating dollars specifically for the East County Center. The College is however investing significant funds in the physical plant for the East County Educational Center, by requesting to transfer \$10 million in fund balance from the Current Fund and \$2.3 million in fund balance from WDCE to the Major Facilities Reserve Fund to support renovations at 2221 Broadbirch Drive. The transmittal letter on circle 3 states that the facility improvements will include creating classrooms, nursing labs, computer labs, flex labs, a library, learning center, and student services.

The letter also states that the Center is anticipated to be complete in Fall 2023. The Committee may want to hear more regarding the implementation status in FY24, anticipated expansion in FY25, and at what point additional facility improvements may be necessary.

D. Non-Tax Supported Funds

The Executive supports the College’s requested expenditures in the funds detailed below. These funds are not supported by County tax revenues.

Table 8. Summary of FY24 Non-Tax Supported Funds

Fund Title	Total Requested Amount
Workforce Development and Continuing Education <ul style="list-style-type: none"> • Source: State Aid and tuition • 12.1% increase from last year • Supports career programs, training, and certifications 	\$22,749,000
Cable TV <ul style="list-style-type: none"> • Source: County Cable Plan (1.8 million) • MCTV provides multicultural and foreign language programming in addition to programs on workforce opportunities/training and social justice 	\$1,977,000
Auxiliary Enterprises <ul style="list-style-type: none"> • Source: rental fees, café sales, bookstore commissions, and ticket sales • 7.5% increase from last year; adding 1 FTE • Supports costs related to operating arts centers/programs, youth camps, and the café 	\$1,960,000
Transportation Fund <ul style="list-style-type: none"> • Source: Student/staff user fees and parking enforcement revenue • Same funding level as last year 	\$4,200,000

<p>Federal, State, and Private Grants</p> <ul style="list-style-type: none"> • \$400,000 from County contribution (adult literacy program) • Supports innovative workforce development programs and adult literacy/education programs 	<p>\$19,395,000</p>
<p>Major Facilities Reserve Fund</p> <ul style="list-style-type: none"> • Source: User fees, other revenue, and interest • Fund balance transfers to support the East County Educational Center (\$12.3 million) • Will support the cost of The Morris and Gwendolyn Cafritz Foundation Arts Center (\$2 million) • FY23- \$1.5 million will be transferred to the capital budget for the Collegewide Physical Education capital project for the Germantown Campus baseball field reconfiguration 	<p>\$14,300,000</p>

E. Council Staff Operating Budget Recommendation

The College has requested the minimum funding level required from the County, and makes effective use of other resources including existing accumulated fund balance to support key priorities. In the coming year, the Committee may want to discuss the continuing developments around enrollment trends and progress of the East County Center implementation. **Council staff recommends approval of the College’s FY24 Operating Budget request, including the Current Fund, Major Facilities Reserve Fund, and other non-tax-supported funds.**

This packet contains:

Transmittal letter from College President and Board Chair
 Montgomery College FY24 Operating Budget Request
 County Executive Recommendation
 HEERF Allocations
 Memorandum from President Glass to Councilmembers

Circle Page #s:

© 1-8
 © 9-47
 © 48-63
 © 64-66
 © 67-69