

MONTGOMERY COLLEGE

Campuses at Germantown, Rockville, and Takoma Park, Maryland



Board of Trustees

February 18, 2009

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

and

The Honorable Phil Andrews, President
Montgomery County Council

and

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

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

The Board of Trustees of Montgomery College respectfully submits for your consideration the Adopted College Operating Budget for FY2010. The College worked diligently to submit a budget that recognizes the difficult economic situation. We have worked closely with our union leaders, our staff, and our faculty to identify cost savings strategies. The budget we are presenting is one that is fiscally responsible, and one that makes every effort to use our resources wisely, as well as creates efficiencies and funds high priority initiatives. The specifics of our request are as follows:

ENROLLMENT

The College experienced steady growth in student enrollments from fall 2000 through fall 2008, growing by more than three thousand students (3,529) — an increase of more than 16 percent. Because an increasing number of these students are younger and attending full-time, our credit hours of enrollment have increased even more dramatically — by 26 percent (more than 46,000 credit hours). Since last fall, our student headcount is up 2.5 percent and hours of enrollment are up 2.4 percent. Younger students tend to enroll full-time, and full-time students have higher return rates — factors that support our positive enrollment projections for the next several years.

This past fall's enrollment and credit hours are both record highs for the College, making it the largest community college in the state of Maryland and second only to the University of Maryland at College Park in enrollment of undergraduate students.

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The major factors driving these increases have been: 1) the continuing growth in the number of high school graduates in the County; 2) the enrollment limitations and substantial tuition increases at the University of Maryland College Park and other public four-year colleges and universities in the State; 3) Montgomery College's quality, affordability, proximity, and proven track record in preparing students for careers and transfers to four-year institutions. A fourth factor — for which we remain grateful — is the County's continued commitment to the College's facilities, faculty, staff, and programs. The County's investments in our facilities and, in particular, our Takoma Park/Silver Spring (TP/SS) Campus expansion have paid off with dramatically higher enrollments. Since fall 2000, TP/SS enrollment has grown by 55 percent and enrollment hours are up by more than 43 percent. In the last year alone, our TP/SS Campus experienced a 7 percent enrollment increase, with a 6.4 percent increase in enrollment hours.

Clearly, these investments dramatically enhance the College's ability to serve our community. They enable us to expand access to postsecondary education, particularly for students who would otherwise be much less likely to attend college. College attendance rates for Hispanic and African-American high school graduates are traditionally lower than for other groups, but at Montgomery College, their attendance rates are increasing, a sure sign that our initiatives to encourage and support their education and retention are working.

REVENUE

Cade formula funding is unknown at this time. Therefore, we assumed that State funding would be virtually flat funding from FY2009. This estimate includes the first round of budget reductions from the Governor in the amount of \$1.5 million (\$1.3 million current fund and \$.2 million WD & CE). The Governor has delayed his second round of cuts which would have put Montgomery College back at the FY08 funding level for three years in a row. If the Governor reverses his decision, this will reduce the College's funding level by another \$2.5 million (\$2.1 million current fund and \$.4 million WD & CE). Should this happen, the College will ask the County to help offset the cut.

This budget includes a \$3/\$6/\$9 credit hour increase in tuition (in-County, in-State, out-of-State). With these proposed increases, the average full-time student will pay almost \$4,092 annually (It should be noted that the tuition increases are not final until the Board of Trustees officially acts on tuition rates in April.). Tuition and related fees are expected to generate \$71.1 million, an increase of 3.7 percent.

We are also using \$1 million from our FY08 Budget Savings Program and \$1 million from the FY2009 Budget Savings Program to fund the budget. The remainder of the College's revenue is "other revenue" comprised mostly of other student fees, interest income, and use of fund balance. This leaves us no choice but to request an increase in County funding of \$3.3 million, or an increase of 3.1 percent, to close the budget gap.

EXPENDITURE REQUEST

We developed the Current Fund budget with these priorities in mind: ensuring access to higher education by keeping Montgomery College affordable; protecting jobs and meeting our benefit cost increases; accountability; and continued funding for committed projects. The resulting budget request of \$218 million is just a 3 percent increase from FY2009, and has undergone substantial reductions from our same level budget presented to the Board of Trustees in December. We have eliminated COLA (pending a final negotiated agreement), eliminated ten positions, and reduced base budgets.

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We are pleased to tell you that this budget is \$8.3 million less than our initial same service request. However, this budget is not without pain — the full time to part time ratio is at 54 percent — well below the Trustees' goal of 65 percent, which was also strongly supported by previous Councils. Scholarship funding is not enough to adequately fill the needs of our students. We are requesting the following:

Compensation for our Employees

- We are in the process of renegotiating our collective bargaining agreements and should realize significant cost savings. We have assumed a similar increase for noncollective bargaining staff. Those savings are included in this budget.
- In the benefits area, we have included funds for postretirement benefits in the amount of \$500,000, and increases for retirement and group insurance. Benefits increases totaled \$1.7 million.

Support for our Students

- The College is requesting \$95,000 to increase financial aid. Current Federal and State financial aid is insufficient to serve our students. The College did not have sufficient institutional grant money to fund all of the students who qualified for assistance in 2008-2009. In fact, 7,009 students with financial need, qualified for institutional grant funds in fall 2008, but received no grant aid due to a lack of funds. Of this group, 2,475 students did not enroll at Montgomery College during the fall 2008 semester.

Support for the Takoma Park/Silver Spring Campus Expansion

- The Takoma Park/Silver Spring Campus expansion will be complete by fall 2009, with the opening of the Performing Arts Center (PAC) and a new parking garage. The PAC, a 45,050 square foot facility, will house a main theatre; a studio theatre; costume, prop and scene shops; a green room for performers; a dance studio; four general purpose classrooms; and a film editing lab. In addition, there are operating costs associated with the renovation of the Commons Building (Cost \$1,084,000).

Assistance with Offsite Leasing

- The College is leasing additional office space at 40 W. Gude and a warehouse to free up space on the Rockville Campus (Cost \$208,000).

Costs to Move the Network Operations Center/Other

- The Network Operating Center (NOC) will house all College centralized servers, firewalls, system monitoring hardware and staff, help desk, central telecommunications, internet access connections, and network security. The NOC will be partially operational in the fall of 2009 and complete its move off the Rockville Campus by March 2010. Other costs include increased information technology costs related to expansion (Cost \$710,000).

OTHER FUNDS

Emergency Plant Maintenance and Repair Fund

The Emergency Plant Maintenance and Repair Fund (EPMRF) is a Spending Affordability Fund. We are requesting an appropriation of \$350,000 and County funding equal to last year's amount (\$250,000). This funding is crucial for supporting our emergency maintenance needs.

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Workforce Development and Continuing Education (WD & CE)

The appropriation request for this fund is \$16.1 million. WD & CE has experienced growth in the following programs: online course offerings, new course offerings in vocational ESL, the new Program Management Institute course series, a full year of commercial driver's license (CDL) training, professional development course series for community ESL instructors, and expanded course offerings at the Germantown Campus. This fund is an enterprise fund and no County funding is requested.

Auxiliary Enterprises

The appropriation request for this fund is \$6.2 million. Auxiliary Enterprises is requesting an increase in FY2010 funding for a one-time purchase to equip the new childcare center in Germantown, to expand the concept of a one-stop bookstore, copy/print shop, and snack shop operations to the Germantown and Rockville Campuses. This fund is an enterprise fund and no County funding is requested.

50th Anniversary Endowment Fund

The College is requesting appropriation authority of \$250,000 for three endowments in the areas of business, arts, and community outreach. The Business Endowment will help fund the planning for the Germantown Biotechnology Park. The Arts Endowment will fund programs in our Arts Institute, and the Community Outreach Endowment will be used to support the International Education Grant Program. No County contribution is requested.

Cable Fund

The amount requested is \$1,539,200 and is funded through the County Cable Plan.

Grants

The College is requesting appropriation authority in the amount of \$19.1 million. Of this amount, \$400,000 is requested in County funds for the Adult ESL/ABE/GED program, which is the same amount as FY2009.

Transportation Fund

This fund is comprised entirely of user fees from our students, employees, and certain contract staff. The fund also includes parking enforcement revenue. All revenue will be used to pay for lease costs related to the Takoma Park/Silver Spring West Parking Garage, scheduled to open fall 2009. Through this fund, the College also pays the County for free Ride-On bus service. The appropriation request is \$2.5 million.

Major Facilities Reserve Fund

The College is requesting appropriation authority in the amount of \$2.4 million for lease payments to the 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.

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Conclusion

In summary, the Montgomery College budget for FY2010 consists of a request of \$218 million for the Current Operating Fund. Of this amount, we are requesting \$108 million 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; \$19,548,000 for Federal, State and private grants, and contracts of which \$400,000 is requested in County funds for the Adult ESL program; and \$1,539,200 for Cable TV. An additional \$24,826,405 is budgeted for the self-supporting funds of WD & CE, Auxiliary Enterprises and Transportation Fund, \$2.4 million for the Major Facilities Reserve Fund, and \$250,000 for the 50th Anniversary Endowment Fund.

The Board of Trustees respectfully requests total expenditure authority of \$266.9 million. We appreciate your careful review and consideration of this budget request.

Sincerely yours,



Roberta F. Shulman
Chair, Board of Trustees



Brian K. Johnson, Ed. D.
President