

Montgomery College
Office of the President

October 13, 2009

MEMORANDUM

TO: The Montgomery College Community

FROM: Dr. Hercules Pinkney, Interim President

SUBJECT: Montgomery College Budget Savings Plan FY2010

Let me begin by thanking you for the excellent job you did in accommodating a record number of students this fall. I am proud that Montgomery College continues to be the first choice for higher education in Montgomery County. During this economic downturn, residents have come to the College to earn a degree, update skills, or learn a new trade, and we can expect this enrollment increase to continue. If past history is any indication, recessions bring increases in community college enrollment and a corresponding decline in state and local financial support.

That decline in aid is indeed a reality, as the budget picture continues to be grim in both Maryland and Montgomery County. Governor O'Malley announced \$450 million in budget cuts, employee layoffs, and furloughs in late August. More than \$210 million of the cuts were in state aid to local governments. Montgomery College's initial share of the state budget cut is \$1.9 million. In addition, Montgomery County has requested that the College participate in its savings plan and reduce spending by \$1.1 million. ***We must address this combined \$3 million revenue shortfall through specific, transparent and measurable spending reductions.***

In order to ensure that Montgomery College covers its estimated \$3 million revenue shortfall, the following budget reduction strategies will be implemented immediately. I have directed Marshall Moore and Paula Matuskey to oversee the administration of these budget reduction strategies. Please direct all questions to these two senior vice presidents. The Montgomery College Budget Savings Plan includes:

- *Freezing hiring until further notice, except for those positions deemed essential and approved by the senior vice presidents and chief human resources officer. The PART (Position Action Review Team) protocol has been abolished. All recruitments funded by the operating budget and currently underway will be examined on a case-by-case basis to determine the appropriate course of action. **Faculty recruitments are the only employee class exempt from this hiring freeze.***
- *Reducing temporary positions Collegewide to generate savings in uncommitted budgetary funding.*

- *Restricting long distance travel and conferences/meetings. A detailed set of guidelines covering this area, along with rules governing any exceptions, is attached.*
- *Limiting spending for furniture and equipment to key instructional or academic purposes. All requisitions will be reviewed by the senior vice presidents for approval.*
- *Deferring all major purchases that are not essential to the services we offer to our students. All purchase resolutions proposed for action by the Board of Trustees will be examined by the President's Executive Council first to determine if they should proceed. This executive review will be guided by an abiding commitment to academic programs and fiscal restraint.*

Unfortunately, the fiscal challenges are likely to continue. The Governor is considering a second round of mid-year reductions. It can be anticipated that next year's state and county funding will be extremely austere. This means that every budget account manager should look closely at their spending plans and develop ways to conserve resources, such as curtailing meals for employee meetings. Finance Office staff members are preparing the first quarterly financial report; it should provide additional guidance on actions that will be necessary to get through this difficult fiscal climate. After this report is reviewed, we will be in a better position to decide when and if additional reductions are necessary.

I also plan to convene a Budget Advisory Committee that will include members from all employee groups across the College. The committee will work on ways to control the growth of spending, identify both short and long-term cost savings, and improve budget decision making. One of the specific charges of the Committee will be to examine existing major contracts to ensure resources are being expended in the best interest of the College. I am taking the lead in this regard and have already eliminated one major contract in the President's Office.

Please remember that your questions about budgetary matters or your suggestions on ways we can operate more efficiently or effectively are always welcome. Please use the suggestion box found on the Budget Office Web site at: www.montgomerycollege.edu/Departments/budget/.

As noted earlier, the state has been forced to take the drastic measure of implementing employee furloughs and layoffs as a result of budget shortfalls. At this time it does not appear that Montgomery College will need to take such action. However, we are planning ahead. As economic conditions at the state and county continue to deteriorate, the prospect of implementing furloughs or layoffs may warrant further consideration. Let me be clear: my intention is to avoid such action, but I cannot rule out this option entirely. I wish to be open and honest on this matter, given its seriousness.

In closing, I ask for your collaboration and cooperation as we move forward with these budget savings strategies. The current fiscal climate is likely to last for quite some time. While our funding is at risk for further cuts, I remain optimistic that we will find ways to work more efficiently and effectively while we streamline our administrative processes and increase our commitment to instructional quality. Thank you for your continued support, and I know that by

working together, we will get through these difficult times. Remember, Montgomery College is strong. Montgomery College is family. Montgomery College is one.