



## President's Report to the Board

April 2014

As an institution, Montgomery College is an entrepreneur. According to Merriam-Webster, an entrepreneur is “one who organizes, manages, and assumes the risks of a business or enterprise.” *Forbes* magazine defines entrepreneurs as “those who identify a need—*any* need—and fill it.” That is the role of our College: we see a need and we respond.

Montgomery College is able to fulfill this role because of its strategic and deliberate organization. While our daily operational focus is on the academic success of our students, we must also seek innovative ways to advance the mission of the College—to propel the College and our students into the 21st century. These efforts of fundraising, seeking new revenue streams, and facilitating and making time-sensitive financial decisions are the responsibilities of the support organizations—each of which is a 501(c)(3)—that are affiliated with the College. We often talk about the Montgomery College Foundation (MCF), but I wanted to take the time in this month's President's Report to talk about not only that entity, but also other College support organizations, and why they are all critical components to fulfilling our role as an entrepreneur—to advance the College so we can better serve today's student.

### **Montgomery College Foundation**

The Montgomery College Foundation is the exclusive fundraising arm of the College. It is a charitable organization governed by business, alumni, and community leaders to support the mission and vision of Montgomery College. As the College's philanthropic entity, the foundation is dedicated to ensuring financial challenges are not a barrier to student access or success. It is the primary recipient of all donations to benefit the students, faculty, staff, and programs of the College. Thanks to generous donors, the foundation annually raises more than \$3 million in cash and pledges and distributes more than \$1.2 million in



scholarships to more than 1,200 students. *The Chronicle of Higher Education* has ranked the MCF among the top 10 community colleges in the country relative to philanthropic giving, and the MCF is among the top 20 community college foundations in the nation relative to total endowment size.

In addition to philanthropy, the MCF supports the College in its investment and real estate strategies. Because it is its own entity, the MCF is able to be flexible, to take initiative and absorb risk in ways that the College, as a public institution, is unable to do. To date, the MCF has completed bond financing backed by student fees on three buildings—to support the purchase of both The Paul Peck Academic and Innovation Building at the Germantown Campus and The Morris and Gwendolyn Cafritz Foundation Arts Center at the Takoma Park/Silver Spring Campus, as well as the construction of the West Campus parking garage at Takoma Park/Silver Spring. The MCF also will help coordinate financing for the Rockville parking garage. These projects are perfect examples of why the MCF is invaluable to the College. If the College sought funding through traditional public processes, it would have taken many years and may have delayed other important capital projects. Alternatively, the MCF partnered with the Montgomery County Revenue Authority to let bonds on behalf of the College, which the College will pay off gradually and then assume official ownership of the space. This type of flexibility allows the College to acquire property in a timely fashion, and complete certain construction projects more quickly in order to respond to the demands of the marketplace and the students' need for enhanced parking options. The MCF board is looking forward to helping the College with future real estate projects.

The 24 members of the MCF board broadly represent the business, professional, and academic community. Together, they bring a variety of fundraising, real estate, and investment experience. They are deliberate and thoughtful about the ways they spend and invest the millions of dollars they handle every year. In fact, the board members recently decided to consult with two investment advisers about strategies for handling the foundation's large endowment. The board's mission is to support the College's mission, and to provide the financial ability and



acumen to make calculated and innovative investments to support our students and the work of the College.

The MCF soon will be launching a \$30 million comprehensive fundraising campaign designed to alleviate the financial barriers to all who wish to pursue a college education in Montgomery County. The College's advancement staff is currently narrowing down our priority options, but we do know there will be certain targeted initiatives as part of this campaign. For instance, the campaign will support the Montgomery College Promise, the goal of which is to ensure that *all* Montgomery County Public Schools graduates will be eligible to receive at least a \$1,000 scholarship if they meet certain criteria and attend Montgomery College. We cannot let money stand in the way of our community's high school graduates who want to go to college. The Montgomery Promise will require a public-private partnership of resources to keep the Promise sustainable. Our vision is to raise at least \$10 million in private philanthropy and \$10 million from public sources over the next five years. Other priorities include raising money to support scholarships for Achieving Collegiate Excellence and Success (ACES) students, establishing a Dreamer's Scholars Fund to help dreamers who are not eligible for federal financial aid, and supporting the Global Humanities Institute in developing a model humanities curriculum with a global focus for use both here and at other colleges nationwide. The work of the MCF is essential to not only opening doors for our students, but to advancing the College—to help us excel at meeting our mission.

### **Montgomery College Life Sciences Park Foundation**

Montgomery College has become a leader in the life sciences—not only by grooming future scientists, but also by providing start-ups with a place to practice their trade. The Hercules Pinkney Life Sciences Park will be a phenomenal place for our students to not only learn in classrooms, but in actual businesses based there. The park's lead tenant is Holy Cross Germantown Hospital, which is scheduled to open in October of this year. The Montgomery College Life Sciences Park Foundation (MCLSPF) is in the process of preparing a strategic business plan to determine how to best fill the remaining 20 acres of the 40-acre park. We expect to hire an executive director soon to handle the daily operations of the park.



There will be reciprocity to these partnerships: College students will have access to hands-on learning opportunities and internships, and the tenant businesses will have access to affordable space and talent. Additionally, there may be opportunities for faculty to work with those businesses, providing their expertise and also benefiting from the opportunity to ensure relevancy between their lesson plans and the workforce needs of the current business environment.

These business relationships require personalized nurturing, as well as complicated transactions. That's where the MCLSPF comes in. Rather than have the College manage the tenants and the assets of the park, the MCLSPF will be in charge of the day-to-day operations, and ensure alignment between the park and the College mission. In essence, the MCLSPF will assume the role of landlord, and be responsible for various management obligations. It will handle leasing, contract negotiations, and tenant relations. MCLSPF will be the park's manager, while the College remains its owner and the beneficiary of any monies generated. The MCLSPF is comprised of 16 members who have expertise in areas most needed to handle this type of unique partnership, such as real-world commercial experience in the life sciences market, the financial sector, and the real estate industry.

But the MCLSPF will be so much more. Unlike the MCF's role in fundraising, the MCLSPF is primarily operational and educational in nature. Rather than raising funds for scholarships, the MCLSPF will manage any assets generated by the park, and funnel them into supporting the operations and infrastructure of the park, as well as educational projects. The MCLSPF will also make sure that the growth of the park is both economically and educationally justifiable in that it meets the economic development goals of the state and county, and benefits the College. MCLSPF will assume the liabilities, while the College will assume the benefits. This overall strategy is focused on making sure the students are the ultimate beneficiaries. The advantage of establishing this unique partnership is that the College and the Board of Trustees will be free to maintain and deepen their focus on student success.



There is a powerful synergy between MCF and MCLSPF. These two organizations have signed a memorandum of understanding to provide clarity regarding their respective roles and to make sure there is no overlap in responsibility. Keeping both organizations separate will ensure that the MCF and its private donors do not assume *any* of the liabilities related to running the park. Additionally, there will be collaboration on board development to make sure that the two entities are strategically positioned regarding who sits on which board. Further, there will be liaisons from each foundation on each other's board—as well as liaisons from the Board of Trustees—to ensure an open information stream and effective alignment between and among the foundations and the College. We are already seeing phenomenal cooperation. As one example, founding member of the MCLSPF, Randy Maddux, currently serves as vice president of manufacturing operations for GlaxoSmithKline. He worked with his company to secure a gift to the MCF that created scholarship opportunities specifically for life sciences students. This is the type of collaborative synergy that will continue to build a strong partnership between the two entities to the benefit of our students, and the College community.

### **Montgomery College Global Educational Initiatives**

The College is taking its entrepreneurialism global. Since I became president four years ago, we have visited with educational leaders across the world. We've gone to India, China, and Ethiopia—and leaders from other countries have come to us. It's made us realize that our College has educational resources that can benefit other countries: highly relevant curricula, well-crafted instructional courses, and proven educational models. To support those efforts, we have formed the MC Global Educational Initiatives, Inc., (MCGEI), in order to seek out new entrepreneurial revenues both inside and outside the country. This could mean exporting online courses or curriculum materials, or serving as consultants who would travel abroad and help countries establish their own community colleges or improve their existing higher education systems. The opportunities for sharing expertise are endless. I want to stress that the purpose will not be to create or operate colleges overseas, or have employees move overseas—for the commodity is not our College; it is our knowledge and expertise.



We still are in the very early stages of development. There currently are no vendors or clients for the anticipated educational resources. But that has not stopped the College from laying the necessary groundwork. College leaders have begun negotiations with potential partners and have held extensive discussions, and conducted visits and trial product development. At this time, discussions continue with a broad range of projects currently under review. For example, the American Association of Community Colleges has extended an invitation to the College to collaborate with dozens of educational institutions in India who have received planning and program development funding. The College has the requisite expertise in the types of technical programs they are exploring, such as automotive technology, construction, and information technology. Just last month, an Indian delegation of higher education leaders visited the Germantown and Rockville campuses, and was the first group of external visitors to tour both the Bioscience Education Center and the Holy Cross Germantown Hospital. The focus of such visits is both on what the College does in the classroom, and on the American community college mission and operational structure. When sharing this unique expertise, College representatives can highlight the challenges associated with being an open access, multi-campus institution, and can present designed solutions, such as academic restructuring, and participatory governance systems. In addition to India, the College also has been in discussions with educational counterparts in Saudi Arabia and, most recently, China.

The goal is for MCGEI, which currently is led by an initial three-member board, is to coordinate any international relationship projects that come to fruition. As you can imagine, there are a tremendous number of legal and policy issues involved with setting up a business that operates outside US borders. A number of other colleges and universities, including Miami Dade College, Harvard University, and Penn State University are doing this already—so we know it's feasible. We also know there is a need—the community college model is a uniquely American enterprise; and what sets us apart is that not many other community colleges are currently doing this type of international work. As we move forward, we have the support organization in place, and are ready to seize the moment should the right timing and partnership arise.



## Conclusion

Proactive. Innovative. Visionary. Powerful adjectives that we as an institution inspire to have attached to our name. We are unique in our approach to relying on affiliated support organizations in ways that ensure the success of our strategic planning. These support organizations are not just shadow entities, but sophisticated organizations managed by dedicated, passionate, and loyal staff and volunteers who each day look for ways to advance the College, support our students, and further the economic and workforce development goals of our community. It is only through the collaborative efforts of these knowledgeable and experienced people that these organizations are able to thrive, and I thank the more than 75 staff and volunteers who are assisting the College to “identify a need—*any* need—and fill it” like a true entrepreneur.

## Monthly Discussion Questions<sup>1</sup>

1. **Institutional needs.** What kind of change, if any, does our institution need?
2. **Context and competition.** Do we understand our institution’s competitive position?
3. **Consequences of no change.** What are the consequences if we do not engage in a change process?
4. **Leadership capacity.** As a board and as individual board members, are we able and willing to work with our president to bring about positive change?
5. **Change process and players.** Based on this discussion, what is the right role for the board to play at this time?

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<sup>1</sup> Adopted from MacTaggart, Terrence J., *Leading Change: How Boards and Presidents Build Exceptional Academic Institutions*, AGB Press, 2011 (pp. 21–22).

