



Office of the President

February 16, 2015

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

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

Dear Mr. Leggett and Mr. Leventhal:

On behalf of Montgomery College and the students we serve, we thank you for your deep commitment to continuing the county's strong financial support for locally provided, high quality postsecondary education—it is integral to the success of local employers and the most important capital in our economy—our county's residents.

With some indication that the national economy is improving, the College is able to once again act boldly—with a sense of urgency for our community's future—to enhance our efforts to serve our students and supply local employers with workers ready for the 21st century marketplace. Last year, you supported excellence in our classrooms; opened the Bioscience Education Center; added faculty in disciplines experiencing increased enrollment (including STEM) that support immediate workforce needs; established permanent staff to continue the success of our nursing program; expanded ACES; and made our Welcome Centers a permanent part of our campuses. Welcome Centers, a crucial point of entry, make the College more accessible and user-friendly for new and returning students. We are grateful for your efforts to fund these key priorities.

We respectfully submit for your consideration the College's fiscal year 2016 operating budget, adopted by the Board of Trustees. This \$253,770,455 operating budget represents a 4.1 percent increase over last year's budget with 78 percent of our request is in compensation costs. The College's priorities include: (1) protecting affordability, (2) fostering good fiscal stewardship, (3) advancing excellence, (4) enhancing access, (5) driving success and

The Honorable Isiah Leggett
The Honorable George Leventhal
Members of the County Council
February 16, 2015
Page 2

completion, including efforts that help close the achievement gap, and (6) preparing workers who will compete and succeed in key industry sectors.

Therefore, we ask you to continue to invest in the College to help drive economic progress for our families and our community. Given our knowledge-based economy, our county has few job opportunities for those without some postsecondary education. Our county's future demands an unwavering commitment to ensuring everyone has access to a locally provided postsecondary education and a chance to get a firm grasp on the ladder of opportunity. And for many of our friends, neighbors, and youth, the first rung of that ladder is Montgomery College.

Our county's economic future requires strong investments in a "Kindergarten to Job" education system with Montgomery College as a lynchpin. Why? Whether our high school graduates or adult learners want to be engineers or mechanics, nurses or lab technicians, teachers or cybersecurity analysts, they must have a postsecondary education. It can all begin at Montgomery College. According to the National Science Foundation, half of America's scientists and engineers started at a community college. With your continued investment, Montgomery College will provide greater access to the ladder of opportunity. Having access to that all-important ladder is simply not enough. Our task is to make sure our students can get a firm grasp on that ladder of opportunity and start their upward climb.

Aligned with our strategic plan, *Montgomery College 2020*, our fiscal year 2016 budget advances important priorities that leverage investments to continue our forward momentum to help ensure that every member of our community has the skills necessary to obtain a good job and can contribute to the economic progress of our county.

BUDGET PRIORITIES

Protecting Affordability

The Board of Trustees continues to be very concerned with the growing cost of postsecondary education. Montgomery College remains the most affordable higher education option for county residents, at \$4,728 per year in tuition and fees for a full-time student. However, the cost is still a challenge for many of our students. The latest data indicate that 29 percent of our students receive federal financial aid in the form of Pell grants, up from 25 percent in 2012. Most of our Pell grant recipients have an average household income of only \$27,000. The number of students who need help is growing.

Since 2009, financial aid applications have grown by 70 percent. These cost concerns, coupled with the clear need for postsecondary education, prompted President Obama to propose free community college for all those willing to work for it. Whether or not the President's proposal is supported by the 114th Congress, we believe that no student should be left behind because of finances. We all know too well what it costs to make ends meet

The Honorable Isiah Leggett
The Honorable George Leventhal
Members of the County Council
February 16, 2015
Page 3

here in our own community. Families may not have the means to pay for education and training to improve their earning potential.

Fiscal Stewardship

We know it is imperative to continue to be good fiscal partners with the county. This budget reallocates savings from cost containment measures, and includes permanent reductions, largely from the non-institutional operations. Although difficult, these reductions demonstrate our continued commitment to good fiscal stewardship.

In total, these savings will offset: (1) lower tuition revenue, (2) reduced state aid, and (3) a smaller available fund balance. Additionally, a fund balance contribution, though less than last year, will provide a starting balance for fiscal year 2016. And finally, this budget assumes a tuition increase.

Advancing Excellence

Montgomery College depends upon its faculty and staff to provide excellent teaching and learning opportunities both inside and outside of the classroom. Our outstanding faculty include Theatre Professor Ken Yatta Rogers, named the 2014 Maryland Professor of the Year. Montgomery College faculty members have won this distinction for six years in a row.

Our fiscal year 2016 request covers compensation enhancements for our employees, including increased benefit costs and the cost of complying with new minimum wage laws. Our compensation agreements are necessary to ensure an excellent workforce of talented faculty and staff. A strong talent management strategy that attracts and retains talented, mission-driven employees like Professor Rogers starts with competitive compensation.

Recruiting top talent to teach our students is integral to delivering quality education. Professors that bring teaching experience from the leading programs around the country and years of professional work experience in their industry are in high demand and can teach anywhere, including four-year institutions and the private sector where salaries are most competitive. We, of course, want them to teach at Montgomery College.

Enhancing Access to Postsecondary Education

Additionally, Montgomery College must continue to ensure that all residents, no matter their circumstances, can improve their lives through a strong, affordable, locally provided postsecondary education. Therefore, our request includes funding to more broadly and deeply engage the community by expanding the ACES (Achieving Collegiate Excellence and Success) program, strategic marketing to bolster enrollment in key disciplines, and staffing our community engagement centers.

The Honorable Isiah Leggett
The Honorable George Leventhal
Members of the County Council
February 16, 2015
Page 4

Further, we are working to enhance access to credit courses for recent high school graduates. The College will pilot the use of multiple measures for math placement course decisions to enroll more students in credit-bearing courses. We will deepen our collaboration with Montgomery County Public Schools (MCPS) to provide greater alignment of the math curriculum between our systems. Notably, no new resources are needed for this important curriculum work.

Driving Success and Completion

Over the last several years we have overhauled our internal structures to focus on improving student outcomes. Today, we have a stand-alone student services division, because we know that what happens outside the classroom can be as important as what happens inside the classroom. We also recently reorganized the academic affairs division. This action brought supervision closer to the classroom and high quality, consistent teaching and learning across our three campuses and two training centers. We used existing funds for both reorganizations.

To truly move Montgomery County forward, we must have a keen focus on student success coupled with a passion for closing the achievement gap. This is how we will prepare the ready workforce of tomorrow and enable more residents to gain access to in-demand careers. Going forward, we will need increased county support with some key initiatives beginning in fiscal year 2016 to improve student learning outcomes that drive success and completion.

Readying the County's Workforce

We are deeply committed to addressing the needs of the county's employers and connecting residents to in-demand careers. We have approximately 38,000 students enrolled in degree programs and 24,000 in career and training and enrichment programs each year. They will be ready to successfully compete for good local jobs. As a result, employers would not have to import workers from other states for middle- and high-skill positions. Montgomery College can—and does—prepare them right here in Montgomery County.

In fact, our efforts to help fill the 20,000 cybersecurity jobs available in Maryland is further evidence of our commitment and agility to meet the county's workforce needs. As you know, the College is leading the way in responding to job growth in this burgeoning industry for our community—now home to the National Cybersecurity Center of Excellence.

With a grant from the United States Department of Labor, Maryland's community colleges—led by Montgomery College—will work with industry leaders such as Lockheed Martin along with the Tech Council of Maryland to fill vacant jobs with Marylanders instead of importing labor from other states. The grant targets residents traditionally unable to gain a foothold on career pathways to meaningful work with family-sustaining wages.

The Honorable Isiah Leggett
The Honorable George Leventhal
Members of the County Council
February 16, 2015
Page 5

We have also won two EARN (Employment Advancement Right Now) grants from Maryland to prepare more workers for the biotechnology and logistics industries. This is what we do best—provide the education and training that is integral to the success of local employers and the most important capital in our economy—the residents of the county.

Ultimately, our budget request helps grow enrollment in disciplines related to key industry sectors to meet workforce needs—from teachers to engineers.

ENROLLMENT PROJECTIONS

Montgomery College continues to have the largest enrollment of all community colleges in Maryland. The fall 2014 credit enrollment at the College was 25,517, down from our all-time high in fall 2012 with enrollment of 27,453 students. Our current enrollment is the sixth highest enrollment in our history. We are the third largest undergraduate institution in the state, behind the University of Maryland College Park and University of Maryland University College.

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

Overall, we project enrollment to decline again next year, mainly because of the projected decrease in the MCPS 12th grade population over the next four 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 2015 to 24,727 credit students.

While community college enrollments tend to increase during a recession, as people need retraining in new fields. However, as the economy improves, enrollment tends to drop off. Montgomery College, as other community colleges across the state, is most likely experiencing this effect.

Availability of federal financial aid also impacts enrollment. Recently, federal financial aid rules have tightened and our tuition has increased over the past few years (although not in the 2013–2014 academic year). We also know the county experienced a significant growth in poverty over the last 10 years. In fact, the percentage of students receiving Pell grants has grown to 29 percent, most of whom have an average household income of \$27,000.

Some industries and employers place a premium on skill attainment (certifications and licensures) and on-the-job training in lieu of degrees. Montgomery College’s Workforce Development & Continuing Education unit provides skills training and apprenticeships.

The Honorable Isiah Leggett
The Honorable George Leventhal
Members of the County Council
February 16, 2015
Page 6

Course enrollment trends in these programs remain steady at nearly 44,000 in fiscal year 2014. This unit receives some state support but no county operating aid.

Montgomery College remains focused on increasing access to postsecondary education by reaching out to potential new students through programs like ACES and our community engagement centers. Additionally, this budget includes new funds for a targeted marketing strategy aimed at helping more students understand that college is possible and that programs in health and STEM disciplines that lead to lucrative careers are available right here at Montgomery College.

Enrollment management is not just about new students; it is also about retaining our current students, and investing in and ensuring their success.

REVENUE SOURCES

The College's anticipated state aid is \$39.7 million in fiscal year 2016. Of that, the current fund would receive \$33.7 million, a 1.6 percent decrease from the prior year. In January, the Board of Public Works reduced our state aid for the current year resulting in lower resources available for fiscal year 2016. Governor Hogan's proposed fiscal year 2016 budget provided a slight increase over the revised fiscal year 2015 appropriation. These two actions left Montgomery College with \$1.2 million less than last year's allocation. However, had Governor Hogan used the Cade formula, the College would have yielded \$2.3 million in new support.

Also, the Budget Reconciliation and Financing Act of 2015 (currently pending before the General Assembly) includes proposed changes to Cade funding formula for community colleges to cap state aid—most troublesome news. We will work during the course of the session of the Maryland General Assembly to obtain additional state aid for the upcoming fiscal year and fend off attempts to cap funding in future years.

The College's 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. The consolidated fee will also increase as it is calculated as a percentage of tuition. This budget also anticipates a \$1 increase in the transportation fee to support the bonds for the Rockville Campus Parking Garage. With these proposed increases, the average full-time student will pay \$4,728 next year. Overall, tuition and related fees are expected to generate \$81.2 million.

The College accrued, through cost containment and permanent reductions, a savings of \$ 6.1 million to offset the loss of state aid, lower tuition revenue, and a smaller available fund balance.

The Honorable Isiah Leggett
The Honorable George Leventhal
Members of the County Council
February 16, 2015
Page 7

Consistent with the enumerated budget priorities, the College will commit \$5.4 million of our fund balance as the beginning balance for fiscal year 2016. This appropriation request is \$2.1 million less than in fiscal year 2015 and is a reflection of our efforts to more tightly control expenditures and comport with county's goals for reserves.

We are requesting an additional \$15 million in county support. More than \$12.2 million of the request will deliver a same service level of effort that includes compensation enhancements, with increases for utilities, and contractual and rental agreements. The balance of the request will fund key investments in student success and workforce development goals.

EXPENDITURE REQUESTS

The Current Fund expenditure appropriation request totals \$253.8 million, representing an increase of \$10 million or 4.1 percent over last year.

Compensation and Benefits for our Employees—\$11.8 Million

This budget request includes an increase of \$9.8 million for compensation and the related FICA, which are changes driven primarily by our three collective bargaining agreements. We negotiated a new, nine-year comprehensive agreement with our full-time faculty union wherein their compensation is reviewed every three years. We extended our current agreement with our staff union for one year. We also have a three-year agreement in place with our part-time faculty union for fiscal years 2015 through 2017.

The upcoming fiscal year includes an additional day in the calendar for which we must provide compensation. This budget also complies with the new minimum wage requirements for our student assistants. The requested \$774,000 covers both costs.

In fiscal year 2016, our employee benefit costs will increase by \$1.6 million, a 1.3 percent increase over last fiscal year. This increase is due to increases in our group insurance benefits related to escalation, compensation absences related to negotiated salary increases, and additional funds for our education assistance program and its related travel.

Achieving Collegiate Excellence and Success (ACES)—\$1 Million

ACES is a partnership led by Montgomery College in concert with our public schools and the Universities at Shady Grove. The sole purpose of this effort is to get students who are underrepresented in higher education *to college* and *through college*. Coaching is the key element in this program. We have embedded coaches who are Montgomery College employees in 10 of our county's 25 high schools—one per school to date. These coaches serve a total of 1,300 students both in the high schools and now on our campuses.

The Honorable Isiah Leggett
The Honorable George Leventhal
Members of the County Council
February 16, 2015
Page 8

These coaches are active case managers, guiding students and families along the path to success and completion, while helping with test preparation, college applications, FAFSA forms, scholarship applications, mentoring, and tutoring. This fall the College welcomed the first of our ACES students to our campuses—almost 300 of the more than 500 ACES graduating seniors chose to attend MC. An impressive 98 percent of the 2014 senior class pursued a postsecondary education, a great start for these “at-promise” students.

Our request includes funds to place six coaches in Blake, Magruder, Northwest, Paint Branch, Quince Orchard, and Springbrook high schools. We will also hire an assistant director and administrative support to support the backbone of the operation. With this expansion, we will reach an additional 720 students.

Success for Every Student—Driving Completion and Closing the Gap—\$1.6 Million

To improve learning outcomes and drive student success and completion, the College must implement a systematic academic advising model that will better guide students through their major programs and toward degree completion. Our efforts will begin with professional development and result in at least two faculty members in each academic department to serve as advisers for students—totaling approximately 140 academic advisers across the College.

An academic advising coordinator will facilitate training and support services for the new department specific advisers. This effort leverages the skills and discipline knowledge of the existing full-time teaching faculty cadre to better serve our students. We anticipate our faculty will engage 15,000 students annually.

The College employs nearly 1,000 part-time faculty members each year who instruct a significant portion of our students. They offer students access to their valuable real-world professional experience. Part-time faculty members often teach at night and on weekends, and as result, need specialized support to fully carry out our mission.

To maximize their contributions to the classroom, we will create a Center for Part-time Faculty to serve as the central coordinating entity for integrating the expertise of these faculty members as they help our diverse student population achieve their educational goals. The center will be staffed by faculty liaisons on each of our three campuses, and will coordinate onboarding, orientation, professional development, and information sharing to more fully engage part-time faculty with the College’s strategic plan and student success outcomes. The center will open, both physically and online, in the fall 2015 semester.

To aid in closing the achievement gap, the College will develop the infrastructure necessary to more deeply invest in the success of African-American and Latino/Latina students. A coordinator and three fellows (one for each campus) will be under the direct supervision of the senior vice presidents. This team will cultivate faculty and staff advocates to leverage the work of existing employees across the College to provide direct services to students.

The Honorable Isiah Leggett
The Honorable George Leventhal
Members of the County Council
February 16, 2015
Page 9

The team will work with faculty and staff to develop and implement an array of initiatives to provide specialized support services for this population of students at the College. Studies show that students with a strong connection to at least one person on campus are more likely to re-enroll and continue their course of studies. We specifically envision the creation of a comprehensive and collegewide mentoring program. The team will also identify courses that are roadblocks on the path to success for a substantial number of students and intervene as appropriate to lessen the barriers. Intervention could include paired courses and redesigning how material is delivered in the classroom. Requested funds will cover new positions and operation costs, and will also leverage faculty engagement, professional development, and student outreach.

We also need an additional financial aid specialist to support the growing demand for aid. Since 2009, the College's financial aid applications have risen by 70 percent. Poverty and the lack of resources to afford college are the biggest barriers to enrolling in college and successfully completing a degree.

For our students to gain real-world work experience, we need two positions to leverage the operations of our career services office. Students who are placed in meaningful work prior to graduation are more likely to return semester after semester. Such experiences help students to understand what it takes to succeed in the work environment; give them professional growth opportunities in a work setting; and allow them to see the clear need for marketable skills and credentials. On-the-job training and internships are vital to helping all of our students create a path to completion and successful careers. These positions will solicit and develop business partners. We will maximize the value of a recent gift from HESS Family Foundation to expand experiential learning at the College and the Universities at Shady Grove.

**Tomorrow's Workforce—On-Ramps to Career Pathways and Closing Skill Gaps—
\$940,000**

This budget request funds to underwrite three new initiatives to enhance our efforts to inject our economy with additional ready workers for targeted industry sectors.

We need to implement a targeted strategy to market and recruit students into certain disciplines—disciplines that provide access to jobs in in-demand fields. These disciplines include biotechnology, business, cybersecurity, engineering, nursing and health care, skilled trades, and teaching. This effort will enable the College to enhance our ability to prepare more workers for these key industry sectors as well as help more students realize that college is not only possible, but is the pathway to well-paying careers—and that all begins at their community college.

The Honorable Isiah Leggett
The Honorable George Leventhal
Members of the County Council
February 16, 2015
Page 10

We must also grow our teacher education program, which provides an associate of arts in teaching degree, with a particular emphasis on preparing students to transfer in order to help meet the workforce needs of our local school system. This request will fund scholarships to attract students to the discipline; to implement the UTEACH model to ensure high quality standards, especially in science and math instruction; to expand the Learning Assistant program thereby giving students more exposure to the classroom environment; and to provide expanded support services to help grow our future teachers.

Finally, we request three new career coach positions to better guide our students, and help them craft a pathway to their future that best suits their needs. We will provide the on-ramp to postsecondary education in non-traditional ways. Although many potential students arrive on campus with the desire to improve their lives through education—they are often rudderless and lack the skills or experience to map out a clear path forward.

These career coaches will place students in “career starter” programs—highly structured short-term career training programs—that will reinforce the need for continued education, provide for professional growth in real work settings, and underscore the importance of acquiring the needed skills and credentials. These positions will work in the student services division, and will guide and track student progress. Using existing resources, these positions would potentially reconnect disconnected youth to their futures, aid an array of students in determining the right career path, and provide them with options that lead to the most beneficial education and training necessary to meet career goals.

Illuminating Pathways to Success—Community Engagement Centers—\$320,000

Beginning as a pilot program last year and now operational at the Gaithersburg Library and the East County Regional Center, the new community engagement centers will illuminate career pathways and educational opportunities for disconnected members of the community. We will reach people who might never have considered postsecondary education and training as a real possibility.

Currently, the centers are located in county-owned facilities to minimize costs and to reach broader and more diverse segments of our community. This helps us maximize the collective impact of our partnership with the county. While we initially used existing funding and temporary positions to establish these two centers, we want to make them a permanent part of the community. As an anchor institution, we are called upon to do what we do best—connect residents to opportunities by lowering obstacles to their success.

Specifically, we request funds for four engagement center specialists. These specialists will directly interface with county residents and serve as liaisons to other essential community groups. Additionally, the specialists will work with workforce development managers and recruiters to promote and enroll students in our array of programs and services.

The Honorable Isiah Leggett
The Honorable George Leventhal
Members of the County Council
February 16, 2015
Page 11

Contractual Compliance and Other Operations—\$546,000

We request \$434,000 to pay for increases in utilities, leases, and other ongoing operational costs associated with same services level of effort.

To lessen the impact of the tuition increase on our students, we request \$112,000 for scholarship support. This is standard request and always made in conjunction with a tuition increase.

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—\$18.7 Million

We request appropriation authority to spend \$18,675,686 for the Workforce Development & Continuing Education Fund. This is an increase of 2.6 percent over the fiscal year 2015 budget. New programming in high-demand areas includes biosciences, health certificates, technology certificates (cybersecurity and others); transportation (CDL), and international student programming.

More than 24,000 students enrolled in our Workforce Development & Continuing Education programs. The College is a popular choice for students seeking career programs such as construction trades and automotive technology. These students rely heavily on our Workforce Development & Continuing Education programs.

Auxiliary Enterprises Fund—\$5.4 Million

We request appropriation authority to spend \$5.4 million for the Auxiliary Enterprises Fund. These funds cover childcare, food services, the Parilla Performing Arts Center, and other facilities rentals.

50th Anniversary Endowment Fund—\$263,000

We request appropriation authority to spend \$263,000 for the 50th Anniversary Endowment Fund to plan for the Hercules Pinkney Life Sciences Park at the Germantown Campus.

The Honorable Isiah Leggett
The Honorable George Leventhal
Members of the County Council
February 16, 2015
Page 12

Cable TV Fund—\$1.6 Million

We request appropriation authority to spend \$1.6 million. The source of revenue for this fund is primarily the county's cable plan. The Cable TV Fund will increase closed-captioning programming, increase multicultural and foreign language programming, and support community outreach as the College continues the technical transition to high-definition programming.

Grants Fund—\$20.2 Million

We request Grants Fund appropriation authority to spend \$20.2 million. Of this amount, \$400,000 is requested in county funds for the Adult ESOL/Adult Basic Education/GED program. This is the same amount as was appropriated in fiscal year 2015.

Transportation Fund—\$4.4 Million

The Transportation Fund is comprised entirely of user fees from students and employees, including 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, which is expected to increase by \$900,000. 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 \$5 to \$6 per credit hour. The appropriation request is \$4.4 million.

Major Facilities Reserve Fund—\$7.5 Million

We request appropriation authority to spend \$7.5 million for the Major Facilities Reserve Fund. The additional appropriation authority of \$4 million above fiscal year 2015 is to pay for the one-time expenditures to complete the collegewide physical education facility renovation project. This project is included in our fiscal year 2016 capital budget. The remaining amount of the appropriation, \$3.5 million, will cover the 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

On behalf of the Montgomery College Board of Trustees, we respectfully request total appropriation authority of \$312,180,268.

We appreciate your careful review and consideration of this operating budget request. We appreciate your ongoing support of Montgomery College and the pivotal role the College plays in providing a strong "Kindergarten to Job" education system in support of a robust economy.

The Honorable Isiah Leggett
The Honorable George Leventhal
Members of the County Council
February 16, 2015
Page 13

We pledge to continue to do our part to move our community forward. With an undergraduate enrollment virtually equivalent to that of the University of Maryland College Park, and even more in our training programs—totaling 60,000 students, Montgomery County moves forward when your community college students succeed.

Sincerely yours,



Reginald M. Felton
Chair, Board of Trustees



DeRionne P. Pollard, PhD
President