



BOARD OF TRUSTEES

February 6, 2018

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

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

Dear Mr. Leggett and Mr. Riemer:

The Board of Trustees of Montgomery College and the College community are grateful for your long-standing commitment to affordable, high quality postsecondary education for our county. Because of your enduring support, the College stands ready to deliver our mission-driven work: to empower students to change their lives and enrich our community.

We recognize that, for several of you, this will be the last county budget you will oversee in your current role. Your commitment to the College demonstrates an enduring legacy to expand opportunity, to ensure all Montgomery County residents can fully realize their potential and thereby enrich the life of our community. **The generous support to your community's college through the years, despite fiscal challenges, is a living testament of your service to this county.**

The College understands its obligation to honor your generosity with fiscally prudent operations. We have taken several actions to ensure our fiscal house is in order. We have made \$12 million in net reductions over the last four years, commensurate with changes in enrollment revenues. To ensure the long-term fiscal sustainability, we implemented a new compensation model that includes market-based wage bands. We eliminated several leases and consolidated office space. We instituted a task force to find greater efficiencies and target spending on our highest priority, student success. Additionally, a revised lapse calculation policy advanced our work toward greater fiscal sustainability.

Today, we ask for your sustained commitment for the coming year to help the College continue to deliver excellent and affordable education and training for county residents. This year, the College requests a total appropriation of \$314,858,489—an increase of 0.28 percent over last year. We have made \$3.7 million in reductions and agreed to the county's savings request for fiscal year 2018. To reflect this, we committed to save an additional \$1.3 million this year for a

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total of \$4.4 million in fund balance, which we will use to support the fiscal year 2019 budget. We also agreed to cut \$1.9 million from our capital budget to support the county savings plan. Through reductions and reallocations of resources, state aid, and student tuition, we lowered our projected gap for fiscal year 2019 by almost 73 percent, or \$11.7 million. A county contribution of \$4.32 million will close the gap and support employee wage adjustments.

Next year, we will continue to drive student success to seek outcomes like those produced by Achieving Collegiate Excellence and Success (ACES) program, now present in 13 Montgomery County Public Schools (MCPS) high schools. ACES has served 3,500 students with good results: ACES students at MC have an 82 percent retention rate. Currently, 99 students have graduated from MC and 42 additional students have transferred to a four-year institution before completing their degree at MC.

However, we hear the clarion call: **we must renew our attention to access**. As we prepare for continued growth in MCPS high schools, projections show that future graduating classes are going to be different—a true reflection of our county. Projections also reveal that the college-going rate of future classes may decrease—a troubling forecast that must be addressed. We must reach out to embolden more students to pursue postsecondary education and strengthen the college-going rate of our county.

While access will be the primary focus of our initiatives next year, this budget carefully balances our budget priorities: fiscal prudence, excellence, affordability, access, and student success.

BUDGET PRIORITIES

Fiscal Prudence

As noted, for fiscal year 2019, we narrowed our projected budget gap using several measures: a reduction and reallocation of existing resources, use of fund balance, a tuition increase, and use of an increase in state aid.

Budget reductions totaled \$3.7 million and came from across the College. For example, our community engagement office carefully reduced printing costs in outreach promotions. The Student Affairs Division eliminated the contracts for student mental health services by utilizing existing staff to assume these duties. The Academic Affairs Division reduced instructional salaries by \$925,000 to reflect lower enrollment and realized savings through seat utilization strategies that maximize space and talent. In addition, we saved \$265,000 in utilities.

We expect to use \$4.4 million of our fund balance to support fiscal year 2019, as requested and approved by the County Council on January 30, 2018, as part of the county's fiscal year 2018 savings plan.

To address long-term fiscal sustainability, we implemented a new compensation model,

which we expect to produce positive budget impacts for the future. This process allowed us to analyze competitive market research to assess our pay practices, ensure we are aligned with the market, and determine the competitiveness of our current compensation program. We redesigned our pay structure using market pay data. As a result, we have instituted new pay grades and pay ranges that will move us into a more secure, sustainable, and affordable financial future. Our preliminary analysis indicates foregone expenses of \$1 million from the use of the new model.

Educational excellence

We rise to the challenge of serving 55,343 credit and Workforce Development & Continuing Education (WD&CE) students with the determination of our extraordinary faculty and staff—employees who are firmly committed to meeting the needs and demands for postsecondary education for all students. Award-winning faculty provide extraordinary teaching. Employees—from custodians to counselors—give students the support needed to get to-and-through the College.

We have an employee agreement with our part-time faculty. While the economic terms of our two other employee agreements are not definitive, in order to plan for the fiscal year 2019 operating budget, we have included \$5.3 million to support all employee agreements.

Affordability

County residents look to us for affordable postsecondary education—without which, our community cannot grow to meet the needs of the future. As we seek to strengthen the county's college-going rate, affordability remains critical to ensure access. Poverty is the number one barrier to the completion of a college degree. Yet, an education is the surest path out of poverty. Your investment helps keep the College affordable and gives all residents equitable access to climb the ladder of opportunity.

With this proposed budget, students will contribute 29.4 percent of our operating costs through tuition—down from 40 percent in fiscal year 2013. This is a reflection of your commitment to our students.

In continuing our commitment to access, our scholarship funding will rise commensurate with the tuition increase.

Additionally, the facility that housed the former Takoma Park/Silver Spring Campus early learning center was sold earlier this year. The Board of Trustees designated the proceeds of \$744,131 to be distributed over the next four years to scholarships for students pursuing a degree in education, including early childhood education. With appropriation authority, next year we will award \$160,000 in scholarships for 70 students each semester that will support growing the county's teacher workforce. The balance will be available for scholarships in subsequent years.

Access

The college-going rate of our high school graduates needs renewed attention so that all of Montgomery's children and families understand that a postsecondary education is both possible and necessary. **Today's students must prepare for tomorrow's jobs, and those jobs will require more than a high school education. In 2017, 76 percent of all job postings in the county required at least a postsecondary education.** New strategies are required to help connect students with education and training to help them swiftly join the workforce as ready workers.

Together, we can write Montgomery's future with several initiatives to open our doors wider—to help more students find their path to postsecondary education and training.

The College will launch a series of efforts next year to tackle just this, **beginning with an Early College effort in partnership with MCPS.** Two full-time coordinators will initiate this dual enrollment program to give students access to college while still in high school. High school juniors and seniors from all MCPS high schools will attend classes on an MC campus to complete their high school requirements while simultaneously earning a college degree. Students will participate in cohorts, attend classes taught by MC faculty, and receive guidance. Students benefit because this program reduces time to complete a degree by two years. Once students hold a degree, they will be able to transfer to a four-year institution. This effort will leverage lessons learned from piloted efforts at Northwood and Northwest high schools. Scheduled to begin in the fall 2018, the College plans to serve 110 students during the first year, then 310 students in the fall of 2019. Students in the program will pursue an associate of arts in teaching in mathematics or an associate of arts in mathematics. Offering a teaching degree is intentional: to set students on a path to become teachers in our county to address workforce shortages and the goal to diversify ranks of the teaching cadre. Additional degrees will be offered in the future. This effort will reduce time-to-degree for students, help to ameliorate crowding in high schools, and prepare the teacher workforce of the future.

To help students understand the broad swath of educational programs they can access at MC in both credit and non-credit programs and make direct connections to employment, the College will hire two career navigators. These navigators will reach students on our campuses as well as at MCPS high schools to open doors for students to the relevant education and training programs in our academic programs as well as WD&CE that lead to jobs. Each career navigator will help students find a program that fits their interests, support students to complete their education and training, and then help connect them with jobs and internships.

In a knowledge-based economy, access to education and training for incumbent workers is also crucial to advancing opportunity in our community—helping residents access promotions to middle and high skill jobs. Additionally, talent development, acquisition, and retention are important goals for our county to ensure a robust economy. The College is a lynchpin institution in meeting these important goals, particularly through WD&CE. Today, the College can train as

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many as 3,000 workers a year. But, with a dynamic economy and a county of more than one million residents, we must do more.

Given these factors, the College plans to hire a full time position to scale up our workforce development efforts. The key goal of this position will be to expand access to training and education for incumbent workers—to collaborate with WorkSource Montgomery and partner with employers to craft relevant programs to improve the strength and vitality of the county's current workforce. The position will deepen our outreach and connections to key industry sectors to help employers improve the knowledge, skills, and abilities of existing employees to close skill gaps, advance innovation, and improve productivity. The position will build on lessons learned from our industry partnerships in cybersecurity, cloud computing, and bioinformatics. By broadening access to education and training for incumbent workers, the College can help refuel employees with new credentials and the skills they need to move up the career ladder, improve the productivity of local employers, and contribute to a thriving county.

The College is committed to meet residents where they are and our two community engagement centers (in Gaithersburg and Silver Spring) exemplify the value of bringing the College closer to residents: since they opened, 15,706 residents have visited, over 1,000 have attended information sessions about MC programs, and almost 700 have taken a class at a center. To expand this important endeavor and leverage the work at the existing centers, we will hire two full-time "mobile" community engagement staff members to take our services where they are needed most at various partner nonprofit locations throughout the county. This year, we successfully piloted this work part-time at the Ethiopian Community Center with a staff person who conducted workshops and over 900 information consultations. With each of these positions, we will serve 80 individuals each month and conduct one workshop monthly.

This year, **we began "Raptor Rising," a robust recruitment and access plan that takes our faculty and staff into MCPS high schools so we can more readily shape the college-going culture.** These face-to-face recruitment efforts will be combined with an enhanced visibility campaign led by the Advancement and Community Engagement Division. New funds will advance these strategies using traditional communication vehicles as well as modern social media and digital communications tools. Communications will be honed to target audiences: high school students, low-income residents, non-English-speaking communities, military/veterans, single parents, and other underserved communities. To fully maximize funds, the team will use modern digital tools to increase our reach and frequency of our messages, enhancing our overall visibility.

We hope this small investment in funds in the above initiatives will enhance access and help more students see a clear path to postsecondary education.

Student Success

Students need us to help them succeed—to complete their degree or certificate so they can transfer or move into the workforce. As we unravel the ever-changing needs of our students, we find new ways to meet them where they are and lift them up so they can succeed.

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This year, we successfully launched The Achieving the Promise Academy (ATPA), a collegewide program that provides academic coaching for students, both one-on-one as well as embedded classroom coaches. The goal is simple: to increase student performance, retention, and completion. This past fall, embedded coaches worked closely with classroom instructors to provide additional student support in 63 critical required courses with traditionally high failure rates, and served 1,500 students. One-on-one academic coaches supported an additional 200 students. This spring, ATPA coaches are embedded in 100 courses, serving at least 2,000 students. The efforts are fruitful: students highly engaged with coaches earned an average GPA of 2.65, as compared with students with low engagement who had an average GPA of 2.37. With this success, we plan to expand the ATPA by hiring one additional full-time coordinator position to help an additional 1,500 students succeed.

Additionally, we will support students by continuing to enhance the safety and security on our campuses so learning can flourish. The safety of our students and employees remains a high priority for the College. We will hire two additional security officers, bringing our security staff up to 67 full-time officers to protect more than 55,343 students and 3,154 full-time and part-time faculty and staff along with a myriad of visitors. With enhanced security, students, faculty, and staff can focus on what is important: student success.

FISCAL BACKGROUND

Enrollment

The College is a large higher education institution, today enrolling 55,343 students, including 22,875 credit students. Each fall term since 1988, we have consistently enrolled more than 20,000 credit students. Our WD&CE course enrollments exceed 40,000 each fiscal year. Annually, about 25 percent of MCPS graduates enroll at Montgomery College the fall semester directly after high school. The College continues to have the largest enrollment of all community colleges in Maryland and is one of the largest higher education institutions in Maryland—only University of Maryland College Park and University of Maryland University College enroll more undergraduate students.

Throughout its 70-year history, MC has demonstrated consistent, significant, and sustained growth. Enrollment grew in 53 of our 70 fall terms. When enrollment has decreased, the contractions have never lasted more than six fall terms.

Each year, we carefully examine historical and projected data regarding enrollment because these figures guide many institutional decisions including tuition rates, personnel and operations, and spending targeted at student success. As noted, our analysis predicts an enrollment increase coming in fall 2020 that will continue at least through 2022, following a decrease of approximately 3,000 students from 2014 to 2017. It is important to note: with 3,200 classes, the current enrollment contraction amounts to one fewer student per classroom. We are attentive to fiscal strategies to lower operational costs where appropriate when student

numbers are lower while we continue to serve the 22,875 credit students who still need our services both inside and outside the classrooms.

We look to our projections to help us prepare for the changing needs of our student population. As noted, MCPS projects an increase in its graduates in the coming years and we must be ready to serve these students and the different college-going rates for various populations within MCPS. With targeted plans to address the college-going rates, we will reach out to students and show them the path to the College through recruitment programs.

With 22,875 credit students enrolled this fall 2017, the College's enrollment reflects the national picture in higher education and for almost all of Maryland's community colleges. Nationwide, all college enrollment decreased by 1.4 percent in 2016. Enrollment has decreased by 3.9 percent for two-year public colleges nationwide. Several additional factors may play a role in this enrollment decrease, including the decreased county unemployment rate, the rise in poverty, and affordability.

With sustained growth and a long history of serving our county, the College continues to be flexible and responsive to economic trends and the changing needs of students. Our student body reflects our county's population. Students come from every high school in the county, Whitman to Wheaton. With no majority race, 75 percent of our students are non-White.

Enrollment increases and decreases are complex matters with a natural ebb and flow. Ultimately, credit-hour enrollment determines our tuition revenue. In fiscal year 2019, credit hour enrollment of just over 440,000 hours is the basis for the calculation of the College's tuition revenue.

Revenue

Fund Balance Use—\$4.4 million

Reductions and Reallocations—\$3.7 million

Auxiliary Fund Transfer—\$846,000

Anticipated revenue from the Follett Higher Education Group contract for bookstore retail operations is expected to be \$846,000.

Property Sale Proceeds—\$160,000

Tuition—\$78.2 million

The budget, as adopted by the Board of Trustees on January 24, anticipates a 2.9 percent tuition increase. The consolidated fee charged to students will also increase because it is calculated as a percentage of tuition. Tuition and related fees are expected to generate \$78.2 million.

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The board will act on tuition rates in April. At this juncture, we expect to decline the Governor's proposed community college supplemental grant to cap tuition increases to two percent or less. We appreciate the Governor's commitment to affordability; however, because of the county's longstanding commitment to the College, we meet our obligation under state policy to limit student tuition to 30 percent of operating costs.

State Aid—\$43.9 million

Currently, the College's budget reflects the amount from the Governor's fiscal year 2019 budget, \$43.9 million, of which \$36.6 million is allocated to the Current Fund and \$7.3 million is allocated to the WD&CE Fund. Final action by the Maryland General Assembly on the state's budget will occur in April.

County Support—\$143.7 million

EXPENDITURES

The following include our request and initiatives included in our fiscal year 2019 budget:

Educational excellence through employee compensation—\$5.3 million

Achieving the Promise Academy coordinator—\$470,000

Enhanced communications—\$400,000

Career navigators—\$200,000

Incumbent worker training—\$100,000

Early College coordinators—\$290,000

Scholarships—\$267,000

Community engagement mobile staff—\$160,000

Security—\$160,000

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 \$100,000 in fund balance. This funding is crucial for our emergency maintenance needs.

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WD&CE Fund—\$17.7 million

We request appropriation authority to spend \$17,677,384 for the WD&CE Fund. Compared to fiscal year 2018, this is a decrease of less than one percent. These funds arise from tuition, fees, and state aid.

WD&CE students access career programs and certifications in the health sciences, trades, cybersecurity, and management, as well as programs for personal enrichment and lifelong learning. The College also welcomes adults earning high school equivalency, adult basic education, and English for speakers of other languages.

Auxiliary Enterprises Fund—\$1.7 million

We request appropriation authority to spend \$1.7 million for the Auxiliary Enterprises Fund. These funds will cover revenue and expenditures associated with the Parilla Performing Arts Center and the Cultural Arts Center rentals, the student-operated Macklin Business Institute Café, the Summer Dinner Theatre program, other facility rentals, and a pilot of athletic camps for county resident youth.

50th Anniversary Endowment Fund—\$263,000

We request appropriation authority to spend \$263,000 from the 50th Anniversary Endowment Fund for planning with the Pinkney Innovation Complex for Science and Technology at the Germantown Campus.

Cable TV Fund—\$1.7 million

We request appropriation authority to spend \$1.7 million. The county's cable plan is the source of revenue.

The Cable TV Fund will continue to provide opportunities for student involvement in MCTV productions using varied media platforms for student recruitment and expanded programming. MCTV supports community outreach by increasing multicultural and foreign language programming in the six most common languages used in the county.

Grants Fund—\$20 million

We request grant appropriation authority to spend \$20 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 appropriated last year.

The College leverages significant grant funds for our innovative training programs. For example, the College has three US Department of Labor Employment and Training Administration (DOLETA) totaling \$25 million.

Transportation Fund—\$4.2 million

We request appropriation authority to spend \$4.2 million. This fund is comprised entirely of user fees from students and employees, including parking enforcement revenue. The revenue will fund transportation alternatives for students—Ride On bus service and the MC shuttle. It

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will also pay the leases for the Takoma Park/Silver Spring West Parking Garage and the Rockville North Garage.

This is the second year the College will allocate \$500,000 to fund our parking lot resurfacing capital project. This will be appropriated in the capital budget.

Major Facilities Reserve Fund—\$3 million

We request appropriation authority to spend \$3 million to pay 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.

For your information, in fiscal year 2019, \$1.5 million will fund the capital projects for continued physical education renovations and complete the conversion of a baseball field on the Rockville Campus to a soccer field, which will support the College athletic program. This will be appropriated in the capital budget.

CONCLUSION

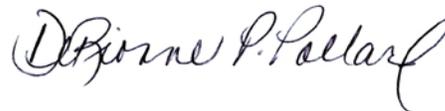
On behalf of the Montgomery College Board of Trustees, we respectfully request total appropriation authority of \$314,858,489 million.

Thank you for your support of the College and for your consideration of our request.

Sincerely,



Michael J. Knapp
Chair, Board of Trustees



DeRionne P. Pollard, PhD
President