



BOARD OF TRUSTEES

February 4, 2021

The Honorable Marc Elrich  
County Executive  
Executive Office Building  
101 Monroe Street  
Rockville, Maryland 20850

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

Dear Mr. Elrich and Mr. Hucker:

On behalf of the faculty, staff, students, and alumni, we thank you for your steady leadership during this public health crisis and your steadfast commitment to the work and mission of Montgomery College.

Montgomery College was made for this moment. Deeply rooted in our County for 75 years, the College, no matter the challenge, has always been here to help expand opportunity, to ignite Montgomery's economy with skilled workers, and to change the trajectory of the lives of County residents. With you, the College will work to ensure the post-pandemic economic recovery includes opportunities for more people to re-skill and up-skill so they can resume employment or find new opportunities. Together, we can help Montgomery rebound.

A key to any rebound is the prudent use of public resources. For FY22, the College seeks a total budget appropriation of \$312,582,500, a slight decrease of two percent compared to last year. We ask you to approve this conservative budget—a budget that protects our employees who have agreed to forego pay raises and also protects affordability by holding tuition and fees flat for a second year.

Surely, access to an affordable postsecondary education is also key to moving our County forward. In recent check-in surveys of our students, more than 50 percent expressed concerns about affording their education and reported losing wages and/or jobs during the pandemic. The average household income of our federal financial aid recipients is just over \$27,000 in a County that requires a family of four to earn \$90,000 to make ends meet. During the past year, the College has made 10,639 emergency aid awards to students totaling more than \$6 million. And as the number of students who attend part-time continues to hover at 66 percent,

affordable tuition is clearly a necessity for our community as residents seek opportunities to reskill and rejoin the workforce.

While affordability is the College's top concern, fiscal prudence is a corollary to achieving this priority. In adopting this budget, the Board of Trustees clearly understood the complexities brought on by the pandemic economy. As a result, the Board established clear and simple budget priorities—fiscal restraint and affordability—to aid you in the rebound of Montgomery County. Our request for county support, \$147.5 million, includes only a small increase above Maintenance of Effort, \$500,000. This amount will cover the costs of our shared goals—advancing innovation and early access to STEM disciplines through the operation of the Innovation Hub and the continuation of the Montgomery Can Code program. Most importantly, the budget maximizes existing resources to protect affordable tuition, reduces and reallocates funds to meet some emerging needs of students and College operations, including fair and sustainable compensation. MC is only strong, resilient, and agile because of the faculty and staff who moved overnight to virtual operations in March of last year and never gave up on our mission.

Because of our employees, when the COVID-19 crisis hit, the College activated its greatest strength—agility. We swiftly established the [Resilient MC plan](#) to guide our work during the pandemic and to keep our focus on the implementation of the [MC 2025 strategic plan](#). While virtual operations will continue throughout the 2021 spring semester, the College's Coronavirus Advisory Team (CAT) is making plans for an efficient and safe return to our campuses. The faculty continue to provide an excellent education with classroom innovations that have kept students engaged. The counseling office diligently addresses the mental health needs of students. Food and personal hygiene distributions for students, sponsored by the Student Health and Wellness Center for Success, continue to respond to student needs beyond the classroom. Additionally, as noted above, the College has disbursed more than \$6 million in emergency relief funds to students from the Coronavirus Aid, Relief, and Economic Security Act as well as aid from reallocated operating funds and support from the Montgomery College Foundation. Our commitment to affordable, high quality education that meets the critical needs of our community endures, despite pandemic challenges.

Beyond attending to the needs of our students, the College is taking additional steps to facilitate our community's rebound. The [Rebound Montgomery report](#), written after a conversation last June with education and industry leaders, including key County employers, to consider ways to spur an economic recovery, is available to guide you. In mid-January, we launched a pilot Biotechnology Boot Camp to retool residents who are unemployed due to the pandemic and help fill skill gaps in this crucial industry sector. Many students are juggling new family responsibilities or modified job schedules. As a result, this spring we added more seven-week courses to respond to student demand for shorter classes. The Workforce Development and Continuing Education (WDCE) unit put the \$1.3 million from the Governors Emergency Education Relief (GEER) Fund into scholarships to enable residents who lost their jobs to retrain or upskill easily and get back to work.

Aiding the recovery also requires our institution to be even better stewards of the resources provided to the College. As we moved through this unusual year, the College kept a watchful eye on the economy, revenues, and spending. We will meet your request to save \$4.3 million in FY21. A hiring freeze is in place through July 2021. With students in virtual classrooms, campus buildings closed, and employees teleworking, fewer supplies purchases are needed and utility costs are lower. Furthermore, professional development expenses are minimal given the limitations on travel. For FY22, expenditures will decrease by \$3.5 million through several means, including: making a portion of the FY21 savings plan reductions permanent; employee attrition; and the aforementioned utility management savings.

It is clear this FY22 budget demonstrates the College's keen awareness of our community's economic outlook for the coming year. This budget keeps tuition at its current level—so residents can access the high quality education needed to help them join the workforce, secure their financial futures, and help Montgomery County rebound. This budget is fiscally prudent as it reallocates and maximizes existing resources, including federal aid. This budget recognizes our employees. Again, MC is strong, agile, and resilient because of the faculty and staff. Last March, with little notice, they completely changed how we operate without losing focus on our students. Negotiations with our three bargaining units are nearly complete. **The economic terms of the ratified agreements will continue our commitment to provide fair and sustainable wages and include no pay raises for FY22. In fact, our part-time faculty will forego previously negotiated wage increases for the forthcoming fiscal year.** We are grateful to our employees for their commitment to our students and to fiscal sustainability. Finally, this budget seeks only a small increase in County funds to invest in your priorities: the Montgomery Can Code program and the Innovation Hub. This budget is fiscally prudent, advances affordability, and protects the employees who do the hard work to empower students to change their lives—a mission that will help our County rebound and thrive.

Please fully fund Montgomery College's FY22 operating budget request.

## **BUDGET SPECIFICS**

The following sections provide detail of the College's enrollment, revenue, expenditures, and operating funds.

### **Enrollment**

The College carefully monitors and examines enrollment trends to help us meet the needs of residents and to help guide fiscal plans. Like educational institutions across the nation during this public health crisis, MC has experienced uncertainties in enrollment. We have closely watched our student enrollment patterns, made observations, and swiftly responded. Despite the pandemic, the summer course enrollment was 11 percent higher than last year. As anticipated, the fall enrollment was lower than the previous year, just under a six percent reduction. The accelerated winter term saw a dramatic increase of 40 percent over last year with over 80 percent of the seats occupied, reflecting prudent stewardship of our resources. When more students were enrolling in our summer 2020 sessions' accelerated courses (that is, those that are scheduled for five to seven weeks instead of the traditional 15 weeks), we leaned

in to our agility and made changes to the spring semester by adding more accelerated, seven-week course offerings to meet students' needs while attempting to strengthen enrollment. The spring 2021 semester enrollment is, as of this writing, down five percent from last year, but we are hopeful that our additional accelerated sections, which start mid-semester, will attract more students to the spring semester enrollment.

The College will continue to scrutinize enrollment and find ways to meet the needs of today's students.

Enrollment projections for the FY22 fall semester anticipate a slight decrease, about six percent, from last year's numbers. Credit-hour enrollment determines our tuition revenue. In FY22, credit-hour enrollment projections of 380,096 are the basis for the calculation of our \$69.8 million tuition revenue projection.

Over the last 10 years, our average WDCE enrollment has been 44,205. Individuals enrolling in WDCE programs steadily increased by six percent in the last three years. Many WDCE courses are best taught face-to-face, such as ESL or courses with hands-on labs—an enrollment contraction in this area is a result of students choosing not to take these courses under a remote-learning environment. Also, while a few lab-based courses are running, the class sizes are smaller due to COVID social-distancing requirements. Thus, WDCE enrollment declined 10.4 percent in FY20, the first decline since FY15. As with credit enrollment, the College will continue to monitor WDCE enrollment and determine ways to meet the needs of these students.

It is important to put annual enrollment data in context. The College, a large postsecondary education institution, educated over 49,000 students, including 20,037 credit students in fall 2020. Each fall term since 1988, enrollment has consistently remained at more than 20,000 credit students. The College continues to have the largest enrollment of all community colleges in Maryland. MC is one of the largest public higher education institutions in the state—only the University of Maryland College Park and University of Maryland Global Campus enrolls more undergraduate students in Maryland.

Our student body comes from every Montgomery County Public Schools (MCPS) high school, Whitman to Wheaton, and reflects the County's population—over 78 percent are students of color. Currently, 21.4 percent of MCPS graduates enroll at MC in the fall semester directly after high school, and many step onto the path to a degree while still in high school. Our dual enrollment numbers have grown from 600 in fall 2017 to more than 1,500 in fall 2020. Early College, which enables students to earn a high school diploma and a college degree at the same time, launched in FY19, has continued to grow and now touts over 350 students. With over 450 submitted applications for fall 2021, we anticipate more than 500 students enrolled this fall. Currently, our Middle College enrollment stands at 269 students. This year, we expect to celebrate 167 Early College and Middle College graduates.

Our analysis predicts small enrollment decreases for the next few years with increases beginning again in fall 2023.

## **Revenue**

The following is a summary of revenue changes included in our FY22 budget.

*State Aid: \$47,700,000*

In July 2020, Maryland's Board of Public Works reduced MC's FY21 State aid funding by \$6.3 million.

The College's FY22 budget assumes \$47.7 million in State aid as enumerated in budget legislation, Senate Bill 192, the Budget Reconciliation and Financing Act (BRFA) of 2021. This reflects a \$2.5 million increase from the FY21 adjusted funding. From this total, \$38.8 million is allocated to the Current Fund and \$8.9 million is allocated to the WDCE Fund.

Final action by the Maryland General Assembly on the Governor's budget, which includes the amount necessary to conform to the mandated John R. Cade funding formula for community colleges, and the BRFA will be acted on later this spring and determine the final State aid provided to the College.

*Tuition: \$69,800,000*

As stated, the budget, as adopted by the Board of Trustees on January 27, 2021, anticipates no per-credit-hour increase in tuition for in-county, in-state, or out-of-state students. A full-time local student will pay \$5,322, the same as in FY21 and FY20. Tuition and related fees are expected to generate \$69.8 million in revenue based on enrollment projections described above.

*Use of Fund Balance: \$8,400,000*

The College's contribution will be \$4.3 million from fund balance generated as a result of the agreed-upon amount for the FY21 County savings plan and additional use of \$4.1 from College resources.

*County Support: \$145,600,000*

The College's budget includes \$145.6 million in County support, which reflects an increase of \$500,000 above Maintenance of Effort to cover the costs associated with the Montgomery Can Code program and the County's Innovation Hub initiative.

## **New Expenditures**

*Montgomery Can Code and Innovation Hub Initiative: \$500,000, with the County contribution*

These two initiatives driven by your leadership will help build the County's skilled talent and drive the entrepreneurial spirit that will ultimately make Montgomery a place of innovation and economic strength. MC can continue to start early in preparing the skilled workforce with an expansion of the Montgomery Can Code free summer coding camp for MCPS middle school students—a partnership with the County, MCPS, the Montgomery County Economic Development Corporation, and Apple. This successful model helped lay the groundwork for the Maryland State Department of Education's partnership with Apple for a new app development

program for Maryland high school students. This appropriation will cement the continued operation of the program providing funds for oversight and instruction.

This investment will also help bring the County's Innovation Hub on the Rockville Campus to fruition. Through this partnership, the College will help increase local entrepreneurship across the County in a rich, 21st century technology-learning environment. Funds will enable oversight, continued collaborations with the partners, general programming and cover the costs of daily operations.

### **Other Funds**

#### *Emergency Plant Maintenance and Repair Fund: \$350,000*

The Emergency Plant Maintenance and Repair Fund is a tax-supported fund, including a County contribution that supports our emergency maintenance needs. We request a total appropriation equal to last year's appropriation of \$250,000 of County funds plus the authority to use \$90,000 in fund balance.

#### *Workforce Development and Continuing Education Fund: \$20,000,000*

We request the appropriation authority to spend \$20 million. State aid and student tuition are the sources for this fund. This expenditure is a 3.5 percent decrease from last year.

WDCE students access career programs, training, and certifications in cybersecurity, early childcare, health sciences, management, and trades as well as personal enrichment and lifelong learning programs. The College also serves adults earning high school equivalency, adult basic education, and English for Speakers of Other Languages.

#### *Auxiliary Enterprises Fund: \$1,900,000*

We request appropriation authority to spend \$1.9 million for the Auxiliary Enterprises Fund. Revenue for this fund comes from rental fees for our facilities, sales from the student-operated Macklin Business Institute café, commission from the bookstore, and ticket sales for the Summer Dinner Theatre program. This covers expenditures associated with the operations of the Robert E. Parilla Performing Arts Center, the Cultural Arts Center, the student-run cafe, the Summer Dinner Theatre program, facility rentals, and athletic camps for County resident youth.

#### *Cable TV Fund: \$1,800,000*

We request appropriation authority to spend \$1.8 million. This is the same funding expenditure request as last year.

MCTV, along with other Public, Educational, and Governmental channels, is a vital resource for the College and the County, particularly during this public health crisis. The Cable TV fund continues to provide opportunities for student involvement in MCTV productions for student recruitment and expanded programming. MCTV reaches thousands of residents each month with programs about workforce opportunities and training, as well as social justice programs specially created for the County's underserved populations. MCTV supports information sharing

necessary for our community and deepening the inclusion of all residents by increasing multicultural and foreign language programming in the six most common languages used in the County.

*Grants Fund: \$17,800,000*

Please provide grant appropriation authority to spend \$17.8 million. Of this amount, we request \$400,000, the same amount appropriated last year, in County funds for the Adult English for Speakers of Other Languages, Adult Basic Education, and General Equivalency Degree program.

The College uses grant funds to support several significant initiatives including innovative workforce development training programs for biotechnology, cybersecurity, early childcare, information technology, nursing, and science, technology, engineering, and mathematics programs. Additionally, funds support English for Speakers of Other Languages as well as adult education and literacy programs.

The Higher Education Emergency Relief Fund II (HEERF II), authorized by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) of 2020, includes approximately \$23 million in emergency aid funding for the College. CRRSAA also provides funds to supplement the Governor's Emergency Education Relief Fund (GEER II), from which the College anticipates approximately \$1.1 million in emergency aid funding. Once provided with specific spending guidelines and clarifications from the United States Department of Education regarding HEERF II funds and the Maryland Higher Education Commission regarding GEER II funds, the College will seek appropriations within the appropriate fiscal year for these one-time use grant funds.

*Transportation Fund: \$4,100,000*

We request appropriation authority to spend \$4.1 million. This fund is comprised entirely of user fees from students and employees, including parking enforcement revenue. The revenue funds transportation alternatives for students—the County's Ride On bus service and the MC shuttle bus. It also underwrites the finance costs of the construction for the Takoma Park/Silver Spring West Parking Garage and the Rockville North Garage.

*Major Facilities Reserve Fund: \$2,000,000*

We request appropriation authority to spend \$2 million to pay the Montgomery College Foundation for the cost of The Morris and Gwendolyn Cafritz Foundation Arts Center. This fund is entirely comprised of user fees and no County funds are requested.

In FY22, \$1.5 million will be transferred to the capital budget for the collegewide physical education capital project to reconfigure the baseball field on the Germantown Campus. It will be transferred to the capital budget as a non-mandatory transfer.

The Honorable Marc Elrich  
The Honorable Tom Hucker  
February 4, 2021  
Re: Montgomery College FY22 Operating Budget  
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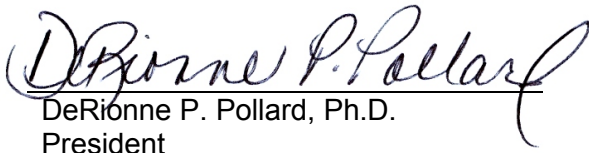
## Conclusion

Again, thank you for your leadership during this most difficult of times and your continued commitment to Montgomery College—to our faculty and staff and the students we serve.

Your community's college was made for this moment. With your longstanding support, MC stands ready to meet the challenges of our time. The FY22 budget is fiscally prudent, advances affordability, and protects the employees who do the hard work to empower students to change their lives—a mission that will help our County rebound and thrive.

On behalf of the Montgomery College Board of Trustees, please approve the College's request for a total appropriation authority of \$312,582,500.

Sincerely,

  
DeRionne P. Pollard, Ph.D.  
President

  
Michael J. Knapp  
Chair, Board of Trustees