



BOARD OF TRUSTEES

February 7, 2022

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

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

Dear Mr. Elrich and Mr. Albornoz:

The Montgomery College Board of Trustees, faculty, staff, and students thank you for your steadfast leadership during this unyielding pandemic crisis. We also remain grateful for your commitment to your community college. Because of your support, our employees can remain resilient, agile, and mission-focused in the face of great uncertainty.

For FY23, we ask you to continue to invest in Montgomery College with a total operating budget appropriation of \$321,250,749, a slight increase of 2.8 percent compared to last year. This appropriation will keep tuition flat again this year and provide wage increases for our faculty and staff who received no increase to their base salaries last year. Additionally, these funds will stand up an East County Education Center.

As we stand on the precipice of expansion to the east county, it seems only right to look back to the days when Montgomery College provided instruction in the Bethesda Chevy Chase High School. At its inception, MC served as Montgomery's portal to knowledge, lifelong learning, and opportunity, and still does 75 years later. Thousands have accessed the affordable, high quality, locally provided postsecondary education they needed to grab hold of the ladder of opportunity and climb. MC alumni have long moved Montgomery County forward—from Morgan Wootten, legendary basketball coach and early alumnus, to Sol Graham, trailblazer and founder of Quality Biological, Inc., and Julie Verratti, a current day entrepreneur and founder of Denizens Brewing Company. Today's talent that powers the economy—engineers, HVAC technicians, nurses, lab bench workers, teachers, and computer analysts—get their start at MC. Alumni like Charles Robinson are even leading the quantum revolution at IBM. So, it is no surprise that alumni contribute \$170 million in added income to Montgomery County.

As we reflect on this successful legacy while emerging from this pandemic, though, we must also assess this moment and what it means for the future. As you well know, the crisis has disrupted the world: rising poverty, unfilled jobs due to skill gaps, lack of quality childcare,

lingering learning losses that deepen the opportunity gap, health and safety worries that consume many. Community colleges and the students we serve are not immune to these seismic societal disruptions. Thus, although it is clear that postsecondary education leads to economic mobility for those who need it most, the dissonance of our time is that fewer students are enrolling at community colleges across Maryland and the nation. This discord imperils the future trajectory of too many families and economic outlooks, including our neighbors in Montgomery County. National reports tell us that many low-income students, in particular, are not enrolling—as a sentinel for equity, the College finds this fact deeply concerning. Locally, we know, that the Free and Reduced-priced Meals (FARMS) rate at Montgomery County Public Schools (MCPS) continues to hover at 33 percent. Yet, the percentage of Pell grant students at MC has decreased from 29 percent in FY15 to 24 percent in FY20 and continues to drop. This is particularly concerning given 80 percent of jobs require postsecondary education—and three of four jobs in Montgomery County require a degree. To preserve and grow the diverse talent pipeline our local community needs, we must come together to understand and grapple with these challenges. The times demand an effort like post-war efforts that led to the Truman Commission and the advent of the community college mission. Together we must spark a renewed commitment to postsecondary education and enhance access to four-year degrees to ensure a path forward through the pandemic and to a new normal. We must do no less to ensure equitable access to meaningful work for all, to build the talent pipeline of tomorrow, and move our county forward.

An East County Education Center will be a strong first step in any endeavor to get past the current crisis and secure our County's future. A \$3.3 million County contribution will stand up the center to begin to meet the needs of this underserved region. This center will begin our efforts to expand access and ultimately launch the creation of a campus. Funds for campus planning are included in the capital budget.

Holding tuition flat is imperative on a path to a new normal. Doing so for a third year will tell residents that an affordable education is available in their own backyard. Sending such a message made affordability rise to the top of the priority list as the Board of Trustees made budgetary decisions. Over the past two years, we have been reminded of the economic struggles our students face, further exacerbated by the pandemic. To date, the College has distributed approximately \$24.5 million of federal relief funds to students to meet emergency needs, with more in process. Recently, the College quickly applied for and received a \$975,000 grant from the U.S. Department of Education to further help students access basic resources—MC was one of only six higher education institutions nationally to receive this funding, bearing witness to student need. Furthermore, this past year the College used approximately \$9.9 million of federal relief funds available for institutional use to cover students' outstanding MC balances, giving financial relief to 9,600 students who owed an average of \$1,968. Nonetheless, our students need continued support, therefore the budget assumes no increase in tuition.

In addition to affordability, the Board also places priority on fiscal caution in recognition of long-term economic realities. Thus, our compensation strategy remains fair and sustainable. The County's contribution of \$3.8 million will recognize MC employees with modest compensation increases—faculty and staff who persevered through the pandemic to support students and who

sacrificed pay increases last year as committed educators and dutiful public servants. Negotiations with our three bargaining units are nearly complete. We are deeply grateful to our employees who bring the College's mission to life—and we appreciate your support to help us provide them with hard-earned pay increases.

From our earliest days in the basement of Bethesda-Chevy Chase High School to our current plans for a fourth campus—the College has long met the postsecondary education needs for Montgomery County. Alumni like Morgan Wootton, Sol Graham, Julie Verratti, and Charles Robinson show what we can accomplish in the days ahead. Together, we can overcome the current societal disruptions and the inequities laid bare by the pandemic. From trustees to the faculty, MC is firmly resolved to open its doors far wider to advance access to knowledge, facilitate upward economic mobility, and ensure all residents are included in our knowledge economy while closing workforce gaps. Our FY23 budget is a start on this effort. It preserves tuition at its current level, stands up an East County Education Center, and invests in excellence through our most valuable asset—the faculty and staff. Please support this request. Then, join us to grapple with the consequences of the pandemic and to launch the Montgomery College of the next 75 years.

Please fully fund Montgomery College's FY23 operating budget request.

BUDGET SPECIFICS

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

Enrollment

The College monitors and evaluates enrollment numbers with diligent attention. As noted, educational institutions across the nation over the past few years and particularly during the pandemic have experienced uncertainties in enrollment, as has MC. As of October 2021, there were 42,915 students enrolled at MC in credit and noncredit courses. The total number of full-time equivalent students (30 credit load hours of instruction per year) enrolled in college credit is projected to be 10,616 in FY23 and further declines until FY25, with modest growth in FY26 and thereafter.

That said, the College is still the largest community college in Maryland and continues to serve students from across the county. Our student body hails from 155 nations and reflects the county's population with over 79 percent students of color. Today, Montgomery College is a Minority Serving Institution, a Hispanic Serving Institution, and an Asian American and Native American Pacific Islander-Serving Institution—as acknowledged and/or designated by the federal government. Many come to us from MCPS high schools—from Whitman to Wheaton. Currently, 49 percent of MCPS graduates who stay in state to attend college attend MC. However, many high school students now seek out MC before graduation. High school students taking classes at MC—dual enrollment—continues to grow, from 600 in fall 2017 to 1,500 in fall 2021. Early College and Middle College enable students to earn a high school diploma and a college degree at the same time, and those numbers continue to increase. Early College touts 450 students—up from 350 students last year—and Middle College enrollment increased to 370

students, up from 269 students last year. We expect to celebrate 275 Early College and Middle College students earning their associate's degrees this spring.

In addition to degree programs, we provide residents with training and credentials including boot camps and short-term programs needed to gain entry to career paths and fill middle skills jobs. Over the last 10 years, our Workforce Development and Continuing Education (WDCE) enrollment has remained relatively stable with an average of 4,153 full-time equivalent students. In FY22, we have seen an incremental return to face-to-face classes and strong interest in short-term industry credential preparation programs, like our Maryland Integrated Basic Educational and Skill Training program, in which students learn English-language skills as they acquire career skills to work as certified nursing assistants, early childhood education childcare professionals, apartment maintenance technicians, and apartment leasing specialists. WDCE has long provided training and education in auto-mechanics, the construction trades, and HVAC technology aided by many industry partners.

To put the consequences of the pandemic in our rearview mirror and launch the next 75 years with a renewed commitment to our open-access mission, the College will engage in an undertaking to better understand residents' needs. With you, we must come to a collective understanding of the root of the changing priorities and/or needs of Montgomery residents, especially recent high school graduates, for postsecondary education. The Board of Trustees will convene a meeting this month to begin such a process.

Additionally, while we pride ourselves in our understanding of employers' needs, a renewed effort to couple more tightly with industry to better understand the workforce needs of tomorrow will be important, too.

Ultimately, the College will build on the efforts listed below, and will seek to employ new strategies and tactics to open our doors ever wider:

- Continue the educational pathway partnerships with MCPS and the Universities at Shady Grove
- Increase dual enrollment programs, including a virtual Middle College, and the addition of behavioral health to Early College
- Expand online degree offerings
- Increase Z degree (no textbook cost) online offerings
- Continue innovative class scheduling in both remote and on-campus learning to meet the schedule demands of our students' complicated lives and to maximize the use of classroom space, seat utilization, and observance of protocols for healthy/safe indoor operations
- Continue rolling class start dates including 15, 13, and seven-week formats
- Continue use of virtual workshops and tutoring at on-campus learning centers, which will also serve as a site for virtual learning
- Implement a Virtual Campus
- Continue implementation of degree programs in key disciplines to meet key industry sector needs like cloud computing, behavioral health, and data science
- Use modernized facilities that provide 21st-century classrooms and labs

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- Utilize the newly-opened student services building that will help students more easily enroll and enhance access to advising and financial aid
- Renovate libraries to provide access to books, which many students cannot afford, as well as technology and study space, which is limited on campus and often not available to students elsewhere
- Open the ignITe Innovation Hub, paired with continued Montgomery Can Code camps for school children, to spark interest in science, technology, engineering, and mathematics (STEM) disciplines and education
- Implement HyFlex classrooms along with tools and training for faculty, staff, and students to support remote teaching and learning
- Enhance transfer options and access to four-year degrees

Revenue

The following is a summary of Current Fund revenue changes included in our FY23 budget.

State Aid: \$66,000,000

The College's budget includes the total John R. Cade Funding Formula allocation in the Governor's FY23 budget, \$66 million, of which \$55.6 million is allocated to the Current Fund and \$10.4 million is allocated to the WDCE Fund. Final action by the Maryland General Assembly on the State's budget will occur in March 2022. The \$12.9 million of new funds will mitigate the revenue impacts of enrollment declines.

Tuition: \$58,400,000

As stated, the budget, as adopted by the Board of Trustees on January 26, 2022, anticipates no per-credit-hour increase in tuition for in-county, in-state, or out-of-state students for the third year in a row. A full-time local student will pay \$5,322. Tuition and related fees will likely generate \$58.4 million in revenue based on enrollment projections described above and from the East County Education Center.

Use of Fund Balance: \$5,600,000

The College's contribution will be \$5.6 million from existing College resources.

County Support: \$152,700,000

The College's budget includes \$152.7 million in County support. The County's contribution includes an increase of \$3.3 million to help stand up, fund operations, and provide staffing for the new East County Education Center. Additionally, an increase in the County's contribution of \$3.8 million will help pay for the well-deserved compensation increases for employees.

Expenditures

The following is a summary of Current Fund expenditure increases and changes included in our FY23 budget.

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East County Education Center: \$3,900,000

The center staffing and operation will increase the College's personnel complement by 10.5 full-time equivalent to staff and cover operational expenses for the center, such as leasing costs, furniture and equipment, instructional faculty, and outreach.

Employee Compensation: \$3,761,000

Employee compensation costs cover a wage increase for full-time faculty, staff, and administrators and an increase for minimum wage. Favorable salary attrition offset a portion of the total compensation increase costs.

Contractual and Operational: \$1,369,000

Higher risk insurance premiums and utility costs have increased the College's contractual and operational expenses. The College's existing resources will cover these increases.

Student Scholarships: \$275,000

Additional scholarship funding will help students pay for the education they need. Scholarship increases will be covered by the College's existing resources.

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: \$20,287,000

We request the appropriation authority to spend \$20 million. State aid and student tuition are the main revenue source for this fund. This expenditure is a 1.5 percent increase 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: \$1,823,000

We request appropriation authority to spend \$1.8 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 café, the Summer Dinner Theatre program, facility rentals, and athletic camps for county resident youth.

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Cable TV Fund: \$1,856,000

We request appropriation authority to spend \$1.8 million. Funding from the County remains the same as in FY22. This expenditure is a 3.3 percent increase from 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: \$16,724,000

We request grant appropriation authority to spend \$16.7 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 STEM programs. Additionally, funds support English for Speakers of Other Languages as well as adult education and literacy programs.

Transportation Fund: \$4,200,000

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 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 comprised entirely of user fees and no County funds are requested. In FY23, \$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.

Higher Education Emergency Relief Funds

Though not a part of our budget, it is important to note that the federal government has provided the College relief funds through three Higher Education Emergency Relief Funds (HEERF) grants, totaling approximately \$77 million to help respond to the College's fiscal needs and the economic struggles of its students unleashed by the pandemic. A sizeable portion—46

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percent—are emergency aid for students, as required. The remainder of funds has been used or will be used for infrastructure improvements related to COVID-19 safety, laptop distributions to students, technology for remote teaching and learning, faculty training and lab development, and lost operational revenues—paying the cost of unpaid student tuition bills. We are grateful for these funds and your assistance with the appropriation process to expend the funds on COVID-related costs as described in the federal grant regulations.

Conclusion

Thank you, again, for your leadership during this tumultuous time.

With you, the College will stand firmly rooted in its mission as we did 75 years ago to meet this moment, providing the access to postsecondary education so many want and need. There are challenges ahead, but as poet Amanda Gorman reminds us, "...wherever we come together, we will forever overcome." The FY23 budget is fiscally prudent, advances access and affordability, and invests in the excellence of our employees who do the hard work to empower students to change their lives, enrich the life of the community, and infuse our workforce with the talent Montgomery needs to thrive.

On behalf of the Montgomery College Board of Trustees, please approve the College's request for a total appropriation authority of \$321,250,749.

Sincerely,



Charlene M. Dukes, Ed.D.
Interim President



Michael J. Knapp
Chair, Board of Trustees