



BOARD OF TRUSTEES

February 6, 2023

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

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

Dear County Executive Elrich and Council President Glass:

Together with the Montgomery College Board of Trustees, faculty, staff, and students, we are grateful for the County's longstanding commitment to its community's college. Clearly, the County's leadership knows that Montgomery College is integral to moving Montgomery County forward. Thank you and we look forward to our continued partnership.

Today we seek your continued fiscal support. For FY24, the Board of Trustees adopted a fiscally conservative maintenance-of-effort budget. Please approve the total operating budget appropriation of \$345,165,058. This appropriated budget with revenue consisting of County support, State aid, and student tuition, leverages the use of fund balance and new State aid to comport with fiscal policies and advance key operating priorities. With its adoption, tuition will remain affordable with only a modest tuition increase, the first since FY20. This appropriation will also provide reasonable and fair wage increases for our dedicated faculty and staff. Additionally, this budget will continue to advance the East County Education Center—a top priority for both the College and the County to build a just and thriving future for our community.

As we look to the future of our community, we have reflected on the College's past to propel us forward. The College has served as a fulcrum of economic and social mobility since its opening more than 75 years ago, when veterans accessed postsecondary education in the basement of Bethesda-Chevy Chase High School. Today, the College serves a diverse student body—79% of whom are people of color—of nearly 40,000 students on three campuses, three community engagement centers, two training sites, and online. And the future holds a fourth MC campus to be opened in the East County. Montgomery's engineers, lab bench workers, nurses, teachers, IT professionals, and mechanics begin at MC, an anchor institution that fuels the talent pipeline, meeting both residents' and employers' needs. Further, we prepare the biotech and cybersecurity workforce that is essential for our competitiveness and our economy. With a profound commitment to equity and inclusion permeating the classroom, the College embodies Montgomery's values. The County and its College know empowering *everyone*—no matter their zip code—with access to

a postsecondary education pathway that leads to a career with a sustainable wage, not just a job, creates a strong community. Just as MC has evolved throughout its 77-year history, we are on the precipice of transformation again. As you well know, we live in an era of accelerated change. Our community has been affected by several powerful dynamics: the pandemic, heightened workforce gaps and the evolving talent needs of employers, a social justice awakening, and students' college-going decisions. So today, just as they did nearly eight decades ago, the faculty and staff will once again rise and meet Montgomery's emerging needs with swift and meaningful adaptations.

To seize this opportunity, the College is refreshing its strategic plan as recommended by the Montgomery College Presidential Transition Advisory Committee to reflect the changing needs of students and employers and ensure MC drives inclusion, equity, and student success in the classroom and workplace. With fresh eyes, faculty and staff are also reimagining our workforce development programs (training and certification programs) to better ensure students can gain the in-demand skills employers want and need. As part of this effort, we will strengthen the College's labor market data analytics capacity to be certain the College offers programs that provide skills relevant to the workplace of today and tomorrow and establish more employer partnerships. We also seek to better align credit and non-credit programs to offer smoother pathways to credentials to get students into the workplace swiftly.

However, underpinning all our strategic planning is a renewed commitment to access. We know, without a doubt, that residents need postsecondary education to step into jobs with family-sustaining wages. We continue to see continued wavering of college-going decisions. Of deep concern is the vulnerability of low-income students and their postsecondary choices. Thus, the College is focused on enrollment matters and related strategies, including the creation of a new position—an associate senior vice president for student affairs/enrollment management—that will lead our collective efforts. This new role is responsible for a collegewide effort to design and implement a new and comprehensive enrollment management plan including innovative strategies. We are pleased with the 10% increase in first-time-ever-in-college students this year, and are hopeful that this is a sign that our enrollment strategies, our efforts to listen to students and those we seek to serve, and our dedication to bolstering our external partnerships are having an effect. Across MC, we are reaching out to prospective students across the County and we are opening our doors ever wider for people to reach in.

As we deepen our efforts to further Montgomery's access to postsecondary education, we know that affordable tuition is also integral to access. With the County's support, the College has kept tuition flat since FY20. Countless students persisted with their education during the pandemic. This budget envisions only a 1.4% tuition increase, far below the national rate of inflation, yet a reasonable increase in the students' contribution to the College's overall revenues.

Equity demands access to both affordable tuition as well as quality education. MC faculty and staff meet and exceed this mark. With this budget, we will invest in our employees, providing reasonable and fair compensation increases to honor their public service. MC's compensation strategy remains competitive and sustainable. Negotiations with our three bargaining units are nearly complete. We are deeply grateful to our employees who empower students and the community with boundless dedication.

Access also calls us to meet residents where they need us—that is why you asked us to locate in the East County. The new East County Education Center will expand access into an area of the County currently underserved and will unlock the talent in this community. Using existing resources, the new space at 2221 Broadbirch Drive in Silver Spring will be renovated to include classrooms, nursing labs, computer labs, flex labs (where students can learn plumbing and appliance repair), a library, a learning center, and student services (admissions and registration). The center is expected to be complete by fall 2023 and offer programs to create ready workers in critical industry sectors such as healthcare, cybersecurity/IT, early childhood education, and business/entrepreneurship.

In summary, this is a maintenance of effort budget that nonetheless advances key fiscal and operating priorities. In keeping with County policy, this budget maintains a 5% reserve. The College will use existing fund balance and leverage additional State aid to move forward with the East County Center, protect affordability, enhance access, reward our employees, and generally support the Current Fund budget.

Together with you, we will heed your call and meet this moment. We will chart a path forward to a more just, equitable, and thriving future for our community. As we do so, all of Montgomery will have access to upward economic mobility, an inclusive homegrown talent pool, workforce opportunities, and a growing economy. This budget supports the clarion call of the Presidential Transition Advisory Committee to transform our college, our community, and our future. It keeps tuition affordable with a modest tuition increase, a fiscally prudent step. It invests in faculty and staff who bring our mission to life. And it advances the East County Education Center that expands opportunity to all of Montgomery. Please support and appropriate Montgomery College's FY24 operating budget.

BUDGET SPECIFICS

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

Enrollment

With students at the forefront of all that we do, we track enrollment closely. MC, like community colleges across the nation, has continued to experience enrollment challenges as a result of the pandemic. Enrollment has stabilized and is expected to slowly increase over the next several years. In fact, this fall (2022) the College exceeded enrollment projections. Last fiscal year, more than 39,700 students enrolled in both credit and noncredit courses. Fall 2023 credit enrollment is expected to increase by 2% from last fall with additional increases in spring 2024. The College expects to see this growth continue into FY25 and beyond.

MC remains the largest community college in Maryland and continues to serve students from across the County. Students come to us from every Montgomery County Public School (MCPS) high school. Of the MCPS graduates who stay in Maryland to attend college, almost half attend MC. Additionally, students hail from 155 nations and reflect the County's population with people of color making up 79% of our student body. We continue to be designated by the federal government as a Minority Serving Institution, a Hispanic Serving Institution, and an Asian American and Native American Pacific Islander-Serving Institution.

The College has welcomed an influx of high school students who come to MC before graduating. That trend is expected to grow in response to the Blueprint for Maryland's Future implementation. In fact, nearly 3,000 students and family members attended 18 information sessions earlier this academic year regarding the various early enrollment programs offered. Dual enrollment has grown from 600 students to 1,500 over six years. Interest still abounds in Early College and Middle College, programs that simultaneously enable students to earn a high school diploma and a college degree. This year, we have 385 Early College students and 524 Middle College students, which includes students in our new Virtual Middle College. Importantly, we expect to celebrate more than 260 Early and Middle College students earning their associate's degrees this May.

MC's educational options reach beyond degrees—we also offer training and credentials including short-term training, boot camps, and certificate programs needed to gain entry to career paths through our Workforce Development and Continuing Education (WDCE) unit. Residents and employers look to MC for the preparation of certified nursing assistants, early childhood education childcare professionals, apartment maintenance technicians, and apartment leasing specialists. The College and industry leaders have long partnered to prepare Montgomery's auto-mechanics, professionals in the construction trades, and HVAC technicians. WDCE enrollment has remained relatively stable. In FY22, we served 3,500 full-time equivalent (FTE) students, and we project more than 3,600 FTE in FY24. Much like our credit programs, we expect moderate growth, approximately 2%, with continued growth expected in the next several years.

The College has addressed enrollment challenges and will continue such efforts under the leadership of an associate senior vice president for student affairs/enrollment management, as noted above. Deeper MCPS partnerships including stronger relationships with college/career advisors, as well as a toolkit for elementary and middle school counselors, will draw more students to the College and address the Blueprint for Maryland's Future implementation. Intentional connections with families through Parent Teacher Associations will impact the student decisions to seek out postsecondary education and guide students to our doors. Both Raptor Ready incentive scholarships for incoming high school graduates and a strengthened College Promise scholarship program will help address the barrier of affordability. Furthermore, the College will improve internal processes—expanding our reach through expanded technology use and easing access by publishing two semesters of class schedules simultaneously. With a transformational mindset amid evolving economic and student needs, our attention continues to be trained on the college-going decisions of residents.

Revenue

The following is a summary of Current Fund revenue changes included in our FY24 budget.

State Aid: \$71,000,000

The College's budget includes the total John R. Cade Funding Formula allocation in the governor's FY23 budget, \$71.1 million, of which \$57.5 million is allocated to the Current Fund and \$13.6 million is allocated to the WDCE Fund. Final action by the Maryland General Assembly on the State's budget will occur in April 2023. The \$5.0 million in new funds will cover funding for anticipated cost escalations to operations.

Tuition: \$61,700,000

The budget, as adopted by the Board of Trustees on January 25, 2023, anticipates a \$2/\$4/\$6 per hour increase in tuition for in-county/in-state/out-of-state credit-bearing students. The board acts on tuition rates in April. The consolidated fee charged to students will also increase because it is calculated as a percentage of tuition. With these proposed increases, the average full-time, in-county student will pay \$5,394 next year, a 1.4% increase from last year. Tuition and related fees are expected to generate \$61.7 million.

Use of Fund Balance: \$20,500,000

The College's use of fund balance—\$20.5 million from existing College resources—underwrites 3.75% of this budget and addresses County concerns regarding fiscal policies. Of these resources, \$10.0 million will be transferred to the Major Facilities Reserve Fund to support the East County Education Center renovations. The remaining \$10.5 million will be a source of funding for the Current Fund.

County Support: \$148,400,000

This is a maintenance-of-effort budget that leverages existing resources for FY24. Therefore, the College's budget assumes \$148.4 million in County support, the same amount that funded the FY23 Current Fund budget.

Expenditures

The following is a summary of Current Fund expenditure increases and changes included in our FY24 budget.

Employee Compensation: \$1,051,000

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

Contractual and Operational: \$4,584,000

Higher utility costs and contractual escalations have increased the College's contractual and operational expenses.

Student Scholarships: \$90,000

Additional scholarship funding will help students pay for the education they need and mitigate the increase in tuition and fees for the most vulnerable to these increases.

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 (WDCE) Fund: \$22,749,000

WDCE students access career programs, training, and certifications in cybersecurity, IT, early childcare, health sciences, management, and construction trades, as well as personal enrichment and lifelong learning programs. The College also provides adults earning high school equivalency training, adult basic education, and English for Speakers of Other Languages programs. The College requests the appropriation authority to spend \$22.7 million from this fund. This expenditure is a 12.1% increase from last year and will allow for compensation increases, contractual escalations, and anticipated program growth. The main revenue source for this fund is State aid and student tuition and fees.

The College will transfer \$2.3 million of fund balance from the WDCE fund to the Major Facilities Reserve Fund to support the East County Education Center renovations.

Auxiliary Enterprises Fund: \$1,960,000

MC requests appropriation authority to spend \$1.9 million and add one position for an auxiliary director to oversee select auxiliary activities. Revenue for this fund comes from rental fees for our facilities, sales from the student-operated Macklin Business Institute Café and mobile EduKitchen, a commission from the bookstore, athletic camp fees, and ticket sales for the Summer Dinner Theatre program. This covers expenditures associated with each of the abovementioned revenue drivers.

Cable TV Fund: \$1,977,000

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, which drive student recruitment and expand 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.

The College requests appropriation authority to spend \$1.98 million. The County Cable Plan is expected to provide \$1.8 million of this total.

Grants Fund: \$19,395,000

We request grant appropriation authority to spend \$19.4 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.

Additionally, the College obtains and 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. Other grant funds also support English for Speakers of Other Languages as well as adult education and literacy programs.

Transportation Fund: \$4,200,000

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 financing costs of the construction of the Takoma Park/Silver Spring West Parking Garage and the Rockville North Garage. The College requests appropriation authority to spend \$4.2 million.

Major Facilities Reserve Fund: \$14,300,000

MC requests appropriation authority to spend \$14.3 million from this fund.

Of this amount, \$2.0 million will support the financing costs of The Morris and Gwendolyn Cafritz Foundation Arts Center. Funding for the arts center is generated by user fees assessed on a credit-hour basis.

Additionally, \$12.3 million will be transferred to and expended from this fund to renovate the East County Education Center. As noted above, fund balances (\$10.0 million) from the Current Fund and the WDCE Fund (\$2.3 million) will be combined into the Major Facilities Reserve Fund via non-mandatory transfers to support the renovations at 2221 Broadbirch Drive.

In addition, \$1.5 million will be transferred from this fund 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.

Conclusion

Thank you, again, for your leadership and commitment to your community’s college. Together, we can continue the College’s mission to empower Montgomery with postsecondary education that not only helps create talent for the local economy, but also helps residents and the entire community to thrive. Our FY24 budget is conservative and advances access and affordability. And it 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 homegrown talent Montgomery needs.

The Honorable Marc Elrich
The Honorable Evan Glass
February 6, 2023
Re: Montgomery College FY24 Operating Budget Request
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On behalf of the Montgomery College Board of Trustees, please approve the College's request for a total appropriation authority of \$345,165,058.

Sincerely,



Jermaine F. Williams, Ed.D.
President



Michael A. Brintnall, Ph.D.
Chair, Board of Trustees