



BOARD OF TRUSTEES

February 12, 2019

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

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

Dear Mr. Elrich and Ms. Navarro:

On behalf of the entire College community, we are grateful for the County's steadfast support of our mission and our students.

With keen awareness of the County's generosity and the current state of fiscal affairs, we seek a total appropriation of \$313,448,186—a decrease of 0.82 percent from last year, which includes a request to increase the County contribution by \$3.1 million, the lowest contribution request in seven years.

Again, thank you for your enduring commitment which enables the College to empower *all* who need their community's college—be they veterans, immigrants, apprentices, recent high school graduates—to help them grasp opportunity. Together, we can continue to build a thriving and just community—a place where education is truly the great equalizer.

Recent graduates like Glenn, Avanti, Kevin, and Kim know the power of a locally provided, high quality, affordable postsecondary education.

- Glen, *a veteran*, who turned to the College after serving in the US Army, and now, at age 26, attends the University of Maryland after earning his degree at MC;
- Avanti, *a recent high school graduate*, who enrolled at MC for the support and education she knew she needed so she could reach her goal to become a physician's assistant and help people in need in our County. Now 20 years old, she is pursuing her bachelor's degree at Towson University;
- Kevin, *an apprentice*, who got on-the-job skills training required for employment. Today, at 27, he works as an HVAC technician in Rockville; and
- Kim, *an immigrant* born in Vietnam who now attends Towson University at age 22, to pursue her dream to be an accounting professor and own a math learning center here in Montgomery County.

When we see students like these filled with pride and hope as they cross the stage at commencement, we see our county's future—we see Montgomery County.

It is clear to us: Montgomery College is Montgomery County!

This makes our work—empowering students like Glenn, Avanti, Kevin, and Kim to change their lives so they may become the next generation of entrepreneurs, health care providers, professors and technicians—crucial to the success of our community and the individuals who are Montgomery.

Affordability matters—it is crucial to access.

Our important work is possible because you continue invest in the College—investments that make affordable tuition a reality. You do so because you know economic disparity—not aptitude, ability, or aspiration—is the number one barrier to the completion of a college degree. Nationally, high school graduates from the lowest income quartile do not complete a degree in a timely fashion. Yet, an education is the surest path to economic mobility. As disparities grow locally, protecting access to education for all of Montgomery is more important than ever.

The pursuit of equity requires radical inclusion.

Thanks to your investments, we can also embrace and enhance our efforts for student success. Our mission must grow and evolve—we cannot be about *access for all and success for some*—instead we must be about *success for every student*.

That is why we have placed an emphasis—not on closing the *achievement* gap—but on closing the *opportunity* gap. We view our work through a “promise” lens—our students are standing on the threshold of their promise—not “at risk.” This lens compels us to embrace an attitude—an imperative where we demand and expect equitable outcomes for every student. Together, from trustee to professor, our one pursuit is radical inclusion—to ameliorate the impact of opportunity gaps—so that all students, no matter their zip code, economic status, country of origin, or race can realize their own promise.

Radical inclusion requires a commitment to outcomes and measurement.

To advance these efforts, the College will continue to deepen our commitment to outcome measurement. Thanks to our faculty and staff, the College's Student Success Scorecard shows we are making progress: the fall-to-fall retention rate is at an all-time high at 66 percent for 2016 to 2017. The three-year graduation/transfer rate (for students who started in 2014) is at a peak and stands at 46 percent, which exceeds the national average.

To continue to make progress, we must routinely scrutinize how we use our resources to serve our students to make sure we are meeting their needs: to achieve equity, we must listen to the evidence. That's why, in 2016, we readily joined Achieving the Dream (ATD), a national non-profit that champions evidence-based improvements in community colleges. As an ATD institution, we aim to nurture a culture of evidence with a practice of data-informed decisions around minimizing institutional barriers and maximizing opportunities to access, success, and completion to help our students overcome opportunity gaps, and consistently improve achievement—so all students can meet their promise. Guided by ATD coaches, we look at our work—and our data—with fresh eyes to see what truly advances student success. As a result, the College implemented an ongoing effort to reduce the DFW rates (the number of students earning Ds, Fs or withdrawing from a class) in gateway courses. The Achieving the Promise Academy (ATPA), to which you appropriated funds, is a program designed to tackle the DFW rate and enhance overall student success metrics like fall to spring retention. Early data say the faculty and the APTA efforts are making a difference.

The board, too, is deeply committed to student success and recently established bold student success goals. Set in June of 2018 and beginning with the fall 2018 new student cohort, the board asked the College to aim for 30 percent of the cohort to obtain a credential—degree or certificate—by 2022. The trustees also set the goal that 50 percent of the cohort transfer to a four-year school within four years of beginning at MC. Finally, the board hopes that 38 percent of the cohort members will obtain a baccalaureate within eight years of their initial enrollment at the College.

The College's current student success metrics as described above are similar to—and, in some cases, exceed—other community colleges across the state and nation. Nonetheless, the board recognizes the College must push our institution to excel—to deliver the education that is in fact the great equalizer. Radical inclusion requires us to strive to live up to our mission more fully—again, we cannot be about access for all and success for some if we hope to help all who need their community's college to grasp the ladder of opportunity and meet the workforce needs of our dynamic knowledge-based economy.

BUDGET PRIORITIES

With this lean budget, we look forward to continuing to work with you to pursue equity and opportunity.

In FY20 College, the College will continue our efforts to expand access, protect affordability and drive student success and completion. With your support, the College can provide compensation increases for our employees, who are crucial to student success. In addition, with this appropriation, we can increase scholarship funds and add more financial aid counselors to help more students afford their education; expand the Early College program to enable more high school students to enroll at MC early and earn a college degree at a lower cost; and, finally, open two buildings.

Fiscal prudence is a guiding principle.

We closed our projected budget gap for FY20 by almost 84 percent—or \$15.7 million—through reductions and reallocations of existing resources, increased state aid, and a student tuition increase, and use of an increase in state aid. A County contribution of \$3.1 million will balance the budget and contribute to the cost of wage adjustments for our faculty and staff.

Budget reductions totaled \$8.0 million. For example, to address long-term fiscal sustainability, we implemented a new compensation model that produced positive budget impacts—our base compensation cost is down \$2.9 million. The academic affairs division reduced instructional salaries by \$1.2 million to reflect enrollment contractions and continued to realize savings through seat utilization strategies that maximize space and talent. In addition, the College continues to experience a downward trend for utility costs, which reduced our budget by \$975,000. A college wide response by our units resulted in budget reductions of \$1.3 million. These reductions include a decrease of our staff complement by 6.25 full time equivalent (FTE) positions and our administrator complement by 2.0 FTE, as well as other unit operational costs. In addition, our salary lapse increased by \$1.6 million with intentional hiring decisions balanced with enrollment.

The \$2.8 million yielded from savings will support FY20, as requested and approved by the Council on January 29, 2019, as part of the County's FY19 savings plan.

Furthermore, we made changes to our employee health plans that eliminated approximately \$900,000 in potential expenditures.

In FY20, we will open the Student Services Center on the Rockville Campus and the expanded and renovated Student Affairs and Science Building on the Germantown Campus. However, we made the

difficult decision to forgo hiring 10 new staff such as building service workers to support the opening of new buildings, which eliminated the potential expense of \$291,000. The budget does include some minor additional expenses for operational costs, cleaning supplies, for example—associated with opening a building.

Equity requires investments in excellence, affordability, and quality programs.

Compensation

The College's most important asset in our efforts to deliver on the promises of student success: our excellent faculty and staff who rise to meet the needs of all students to complete a postsecondary education. Our award-winning faculty provide extraordinary teaching and our staff support students in countless ways—cleaning classrooms, preparing lab materials, organizing mobile food markets, shoveling snow, tutoring, mentoring, leading math workshops, and more—to help students get to-and-through 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 FY20 operating budget, we have included \$6.7 million to support all employee agreements.

Affordable tuition

Affordability remains critical to ensure equitable access to opportunity. As you well know, the community looks to us for affordable postsecondary education. One in four MC students receives Pell grants, federal financial aid. The average household income for Pell grant recipients is \$20,000—in a County where a family of four needs \$90,000 a year to subsist without help. Your continued investment helps keep the College affordable so all residents can access education and thrive. With your support of this proposed budget, students will contribute 28.7 percent of our operating costs through tuition—down from 40 percent in FY13, a reflection of your commitment to our students.

Scholarships

Yet, even with affordable tuition, scholarships are crucial for many students to access their community college. Attending part-time is not the answer to affordability challenges. Only 7.8 percent of part-time students, nationally, complete an associate's degree within four years of high school graduation. As a result, the budget includes an increase of \$160,000 in scholarship funds to keep pace with increased tuition. Scholarship applications for credit students have increased from 2,271 to 4,395 in the last three years while WDCE scholarship applications have increased by 44 percent in the same time-period.

Historical data tells us that when the College runs out of scholarship funds students do not enroll. When last measured, 7000 students—the equivalent of the combined student population at Clarksburg, Montgomery Blair and Walter Johnson high schools—who qualified for grants but did not receive one *did not enroll* at the College. Additionally, we know that more than 80 percent of the students who receive a scholarship do enroll.

Clearly, students need financial support.

As a result, the College looks forward to the implementation of the Maryland Community College Promise Scholarship Program. We are pleased with the initial statewide appropriation of \$15 million annually to provide last dollar scholarships for students in need entering one of the 16 Maryland community colleges within two years of receiving their high school diploma. Community colleges across the state are looking forward to analyzing the impact of the program on access after the initial implementation. Given the complexity of the law and the pace of the issuance of implementation directions, it is nearly impossible to predict the impact in advance. One issue that has already arisen: students who are ineligible to fill out the Free Application for Federal Student Aid (FAFSA) must complete a new Maryland financial aid application introduced this month. Gaining access to this form

has already proven to be difficult for Dreamers and DACA students—which could be an enormous deterrent to these vulnerable students. All applicants using this Maryland form will have to participate in a verification process—another hurdle.

It is important to note the vast majority of our students will not qualify for the Promise Scholarship—the average age of our students is 26 and 65 percent of our students attend part-time. Many students work and attend part-time to cover the costs of housing, transportation, and groceries—the Promise scholarship likely will not be sufficient to eliminate the need to work and attend part-time. Nonetheless, given that we cannot meet the current demand for financial support, we look forward to some additional resources to help those that will qualify afford their community college.

Financial aid staff

With increased scholarship offerings, the complexities of implementing the Promise scholarships, and the rising number of scholarship applicants, we plan to use \$100,000 to hire additional financial aid counselors to help more students get the help they need to access financial aid. Two full-time counselors and one part-time counselor will conduct outreach and coordinate applications for the Promise scholarships, work with newly eligible students for Maryland state scholarships, and ensure athletic scholarship awards comply with the National Junior College Athletic Association regulations. Importantly, the part-time counselor will work with students at risk of not meeting federal satisfactory academic progress (SAP) standards—who consequently may lose their Pell grant and be forced to drop out. Recall the average household income of a Pell grant recipient is \$20,000. Equity demands additional support for Pell students on the verge of “SAPing out” to help drive student completion.

Early College and summer bridge programs

In addition to scholarships and counselors, we will widen the path to postsecondary education by expanding our Early College effort in partnership with Montgomery County Public Schools (MCPS). In the fall of 2018, we launched the Early College program on the Rockville Campus. In this dual enrollment program, high school students from all MCPS high schools can attend classes on our campus to complete their high school requirements while simultaneously earning a college degree. Students reduce the time to complete a degree by two years. During this kickoff year, 49 students enrolled. Notably, almost 50 percent of the inaugural class is African American, Black, or Latino. These students will graduate with an associate of arts in teaching in mathematics or an associate of arts in mathematics: we are helping grow the next generation of MCPS math teachers.

Based on the overwhelming interest and success of this first year, we plan to open Early College on the Germantown Campus and the Takoma Park/Silver Spring Campus. With \$185,000, we will hire two full-time coordinators to oversee the campus programs and we will also implement a summer bridge program so students are oriented to the college experience before classes begin. We anticipate more than 300 students to participate in the fall 2019—365 students have already applied with 59 percent of applicants who are African American or Latino. By fall 2020, we expect to enroll 600 students. Students can earn degrees in business, biological science, computer science, cybersecurity, diagnostic medical sonography, nursing, physical therapist assistant, radiologic technology, and surgical technology. With Early College expansion and other dual enrollment programs combined, we anticipate over 1,000 new full-time students by the fall of 2020.

FISCAL BACKGROUND

Enrollment

Our student body reflects the County's population—over 75 percent are students of color and come from every high school, Whitman to Wheaton. The College is a large postsecondary education institution with 54,000 students, including 21,720 credit students. We continue to have the largest enrollment of all community colleges in Maryland and are 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. Each fall term since 1988, we have consistently enrolled more than 20,000 credit students. Our WDCE course enrollments exceed 40,000 each fiscal year.

As seen in the attached performance measures, individuals enrolling in WDCE programs steadily increased by 3.2 percent in the last three years. More students are enrolling through incumbent worker training, apprenticeship program like our HVAC technician program, and credential programs, such as certification in health career programs like pharmacy technician. It is evident that our County needs relevant education and training programs that fuel—or refuel—residents with new skills and credentials needed to move up the career ladder, improve the productivity of local employers, and contribute to a thriving County.

Currently, 22.5 percent of MCPS graduates enroll at MC the fall semester directly after high school. Our performance measures indicate a 10 percent increase in dual enrollment students, largely due to the implementation of the Early College program in FY19. With the planned expansion of Early College, we expect this number to continue to rise.

As we finalize the College's next strategic plan, MC2025, we are creating a strategic enrollment management plan based on guidance from the American Association of College Admission Officers and Registrars. The plan will address student recruitment, onboarding student processes, course scheduling, advising, financial aid assistance, and retention. Strategic enrollment management will support our commitment to access.

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, especially, programs outside the classroom. Our analysis predicts an enrollment increase in fall 2023, following the enrollment contraction of approximately 2,300 students in the last three years. The College will continue to implement strategies to lower operational costs where appropriate with enrollment contractions while we continue to provide critical, equity-infused, wrap-around services needed by so many of our students.

Ultimately, credit-hour enrollment determines our tuition revenue. In FY20, credit hour enrollment of 410,929 hours is the basis for the calculation of the College's tuition revenue.

Revenue

State aid—\$45,200,000

The College's budget includes the John R. Cade Funding Formula allocation in the Governor's FY20 budget, \$45.2 million, of which \$37.2 million is allocated to the Current Fund and \$8.0 million is allocated to the WDCE Fund. Final action by the Maryland General Assembly on the State's budget will occur in April.

Tuition—\$75,900,000

The budget, as adopted by the Board of Trustees on January 24, anticipates a \$4/\$8/\$12 per-credit-hour increase in tuition for in-county/in-state/out-of-state 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 student will pay \$5,322 next year, a 2.8 percent increase from last year. Tuition and related fees are expected to generate \$75.9 million.

County savings plan—\$2,800,000

Child care center sale proceeds—\$160,000

Last year, the College sold its child care center property in Takoma Park. The board designated these funds to award \$160,000 in scholarships over four years.

Auxiliary fund transfer—\$500,000

We anticipate the revenue from the Follett Higher Education Group contract for bookstore retail operations to be \$500,000.

Workforce Development & Continuing Education Fund transfer—\$1,000,000

County support—\$145,200,000

The College's budget reflects County support of \$145.2 million which includes a \$3.1 million County contribution increase request.

EXPENDITURES

The following is a summary of new expenditures and initiatives, described above, included in our FY20 budget:

Employee compensation—\$6,700,000

New building operational costs—\$216,000

Early College coordinators and a summer bridge program—\$185,000

Student financial aid scholarship counselors—\$100,000

Scholarships—\$160,000

OTHER FUNDS

Emergency Plant Maintenance and Repair Fund—\$300,000

The Emergency Plant Maintenance and Repair Fund is a tax-supported fund including a County contribution. We request a total appropriation equal to last year's appropriation of \$250,000 of County funds plus the authority to use \$35,000 in fund balance. This crucial funding supports our emergency maintenance needs.

Workforce Development & Continuing Education Fund—\$18,400,000

We request appropriation authority to spend \$18.4 million. State aid and student tuition are the sources

for this fund. This amount is a 3.9 percent increase over last year because of the previously noted increase in WDCE enrollment.

WDCE 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 serves adults earning high school equivalency, adult basic education, and English for speakers of other languages.

Auxiliary Enterprises Fund—\$1,700,000

We request appropriation authority to spend \$1.7 million for the Auxiliary Enterprises Fund. This covers expenditures associated with the Parilla Performing Arts Center, the Cultural Arts Center, the student-operated Macklin Business Institute Café, the Summer Dinner Theatre program, other facility rentals, and athletic camps for County resident youth.

Cable TV Fund—\$1,800,000

We request appropriation authority to spend \$1.8 million. The County's cable plan is the source of revenue.

The Cable TV fund continues 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—\$20,300,000

We request grant appropriation authority to spend \$20.3 million. Of this amount, \$400,000 is requested in County funds for the Adult English for Speakers of Other Languages (ESOL), Adult Basic Education, and General Equivalency Degree (GED) program. The \$400,000 is the same amount as appropriated last year.

The College uses grant funds to support several important initiatives including English as a Second Language (ESL), adult education and literacy programs, as well as innovative workforce development training programs for information technology, cybersecurity, biotechnology, transportation, early childcare, nursing, and science, technology, engineering, and mathematics (STEM) 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—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 \$2.0 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 FY20, \$2.0 million will be transferred to the capital budget for the continued renovations of the physical education buildings and to complete the conversion of a baseball field on the Rockville Campus to a soccer stadium, which will support the College athletic program. It will be transferred to the capital budget as a non-mandatory transfer.

CONCLUSION

On behalf of the Montgomery College Board of Trustees, we respectfully request a total appropriation authority of \$313,448,186.

Again, thank you for your enduring commitment to help us to empower *all* who need their community's college—be they veterans, immigrants, apprentices, recent high school graduates—to help them grasp opportunity. Empowering students like **Glenn, Avanti, Kevin, and Kim** to change their lives—to become the next generation of entrepreneurs, health care providers, professors, and technicians—is crucial to the success of our community and the individuals who are Montgomery.

Together, we can continue to build a thriving and just community—a place where education is truly the great equalizer.

Thank you for your support.

Sincerely,



Michael J. Knapp
Chair, Board of Trustees



DeRionne P. Pollard, PhD
President