From:	The President
To:	MC Communications List
Subject:	Update on College Fiscal Situation
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MONTGOMERY COLLEGE
Office of the President

September 30, 2010

MEMORANDUM

TO: The College Community

FROM: Dr. DeRionne P. Pollard, President

SUBJECT: Update on College Fiscal Situation

We are in the middle of a tough budget year and I want to express my appreciation for your continued commitment to our College and our students, despite the challenges of furloughs and being asked to do more with less. Unfortunately, the College's fiscal situation again requires our attention. After reviewing financial forecasts from the County and State for both this fiscal year (FY 11) and the next (FY12), I have sobering news to share. I also want to take this opportunity to share with you my big picture perspective on the College's budget process – a process that will require all of our best thinking and collaboration, and one which will hopefully contribute to a healthier budget outlook in future years.

First, the simple facts: Montgomery College receives approximately 49 percent of the funding for our operating budget from Montgomery County, 33 percent from student tuition and fees, 15 percent from the state of Maryland, and 3 percent from other sources. Let me address the state of these revenue sources for FY12.

Montgomery County:
A recent county report notes that "until employment here and elsewhere rebounds strongly, along with consumer spending and housing, governmental revenues will remain weak." The County Executive has directed county government departments, which were already subject to deep cuts this year, to develop reductions of 10-15 percent in next year's budget requests. While the College has not yet received a similar directive, we have been warned not to expect any new funding in FY12 and have been asked to show restraint in preparing our budgets. A detailed fiscal update for Montgomery County is available online.

Student Tuition and Fees:
Fall 2010 enrollment is down two percent from College projections, which has a negative impact on our anticipated revenue from tuition and fees of approximately $1.5 million. To meet spring enrollment projections and avoid additional revenue losses, the interim senior vice president for academic and student services has convened an ad hoc working group to look at issues impacting fall enrollment. The group is examining ways to reduce barriers to enrollment and is planning an aggressive recruitment and marketing campaign prior to the spring semester.

The State of Maryland:
Maryland's projected budget gap in FY12 now stands at $1.5 billion. Such a gap means that state funding for community colleges could be subject to further reductions.

What should we do as a College to ensure our long-term fiscal viability?

I am a student of the ideas collected by Richard Alfred and others in a book entitled *Community Colleges on the Horizon: Challenge, Choice, or Abundance.* Published by the American Council on Education, the book offers a road map to maintain a thriving organization in the midst of economic challenges. The authors suggest that colleges attempting to plug financial gaps from year to year cannot compete with organizations willing to create more ambitious and comprehensive plans to leverage existing resources.

Our budget for FY12 must align with our mission, our strategic priorities and our vision of what Montgomery College can be at its best – the most relevant community college in the country. I believe this alignment comes with a learning curve and it may take some time to refine our process; however, the stakes are too high and the risks are too real not to begin the effort immediately. I have tasked our senior vice presidents, Paula Matuskey and Marshall Moore, to lead a strategic budget analysis and review to prepare us for FY12. You can expect more information from them about an action plan for the budget review process.

To guide this process, I have set forth four budget ground rules:

- First, we must align resources to meet enrollment targets for the next fiscal year.
- Second, we cannot rely on across the board cuts to solve our budget problems as those decisions typically produce well-intentioned short-term solutions but with adverse long-term impact. We must continue to support our essential infrastructure – the core of who we are and what we do. A distinction between “nice-haves” and “must haves” must be reached.
- Third, programs that support student success and goal completion must remain a funding priority.
- Finally, throughout all of our work must be a commitment to civility and collaboration that is an essential part of the internal spirit here at Montgomery College. We cannot assume a posture of fear and distrust if we are to tend to our internal spirit while changing lives and enriching our community.

I would like to consider this next fiscal year as an opportunity to put our mission at the front and center of everything we do. If we can bring the full force of our collective spirit to bear, then we will accomplish great things for our students and the community we serve.

Thank you in advance for your efforts in this matter.