

The Wisconsin Technical College System State Board discussed the MATC follow-up report during its meeting of November 19, 2003. MATC staff in attendance included Dr. Darnell Cole, Mr. Todd Poppe, Ms. Christy Brown, and Mr. Robert Hartung. MATC Board Vice Chair Lauren Baker arrived during the discussion. Kate Wade was present for the Legislative Audit Bureau.

Dr. Cole thanked LAB for its professionalism in conducting the audit and for the opening remarks at the meeting of the Joint Audit Committee, in which the improved financial condition of the district was noted. Dr. Cole briefly addressed each of the items presented in the report, and then Pres. Amato opened the floor for questions to be directed to either Dr. Cole and his staff or to Ms. Wade. What follows are the key points for each of the items included in the report, emphasizing next steps to be taken by MATC or by the WTCS State Board.

### **Contracted Training**

Questions centered on who delivers the training and what new staff have been hired to improve the cost recovery for these training programs. There was also discussion of what standard of cost recovery is reasonable for the districts to achieve, as each district establishes a policy, and then reports to the State Board using a common methodology.

**Action:** Pres. Amato asked MATC to share with the State Board the "matrix" that is being developed to determine when reduced rate training contracts will be offered.

### **Enterprise and Auxiliary Services and Milwaukee Enterprise Centers**

State Board members were interested in understanding: how the businesses in the MECs were related to the educational programming of the college; the level of minority participation in the MECs; and the status of developing a "tracking" system to demonstrate businesses' "graduations" from the MECs. One State Board member made the "friendly suggestion" that MATC develop information on the relationship of each MEC business to the educational programs in the district, thereby distinguishing this business incubator from others in the Milwaukee area.

**Action:** Pres. Amato requested a report to the State Board on minority participation in the MECs, and also noted the value of having "benchmarks" to demonstrate progress in businesses moving out of the MECs as they become established.

### **Consulting and Probationary Periods**

Mr. Hartung spoke to the range of legislative interests that have necessitated increased levels of lobbying services, including: public television issues; federal funding concerns; state initiatives related to health care occupations; the audit; and the work of the Speaker's Task Force. He also responded to questions about MATC compliance with state requirements to bid-out contracts periodically to ensure the services are competitively priced. The discussion on the administrative mistake with probationary periods in contracts was brief and did not result in follow-up.

**Action:** Pres. Amato reiterated the value of benchmarks in tracking legal, lobbying, and public relations expenditures and sharing information with the State Board on the present expenditures for those services as well as forecasts for future expenditures.

### Closed Sessions

After hearing Ms. Baker describe the counsel and training on open meetings that was provided to the MATC Board by the Attorney General's office, members of the State Board expressed interest in participating in similar sessions.

**Action:** Pres. Amato and fellow State Board member DWD Secretary Gassman spoke in support of open meetings training being built into State Board orientation and continued periodically with input from legal counsel.

### Personnel Authority of the President

This discussion opened with WTCS Board member Brent Smith commenting that this seemed to be an area that "cried out for action." The State Board members seemed satisfied with the discussion of retreats and dialogue among the MATC Board members to improve their mutual understanding and agreement about their relationship to the college President. Ms. Baker indicated that the MATC Board is in agreement that the President is the employee of the Board; Ms. Brown noted that although statutory responsibility for the District rests with the Board, the Board has delegated authority for operations to the President.

**Action:** No specific follow-up action.

### Communication with the Board

Ms. Baker indicated that both the Board and the administration took this issue very seriously and noted several key changes that have improved communications: the Board has clearly requested periodic reports on specific issue areas; the Board is going to request regular legislative reports from its consultant/lobbyist; and, the administration has increased the number of e-mails and FAXes sent to Board members to inform them of district issues.

**Action:** No specific follow-up action on this item.

**State Board next step:** File a report with the Legislature, as was promised to Senator Darling, on the status of MATC's actions in response to the audit recommendations.

**MATC next step:** Prepare a report for the March 2004 meeting of the State Board, including the several items discussed and requested.

C. **Progress Report on Milwaukee Area Technical College Response to Legislative Audit Report 03-04**

At the WTCS Board's November 19, 2003 meeting, Milwaukee Area Technical College (MATC) presented a report on its progress in addressing the recommendations contained in the Legislative Audit Bureau's evaluation of MATC (Report 03-04). At the end of that presentation and discussion, the Board requested that MATC provide a second progress report at its March 30-31, 2004 meeting.

MATC's second progress report (dated March 23, 2004) is attached. Dr. Darnell Cole, President of MATC, and Mark Maierle, MATC District Board Chair, will present this report and answer any additional questions from WTCS Board members.

Also attached to this item page is the Board's letter (dated November 26, 2003) requesting the second MATC progress report. That letter asked for additional information from MATC regarding a number of issues raised in the audit. MATC's response to the Board's informational request (dated January 9, 2004) is also attached.

MILWAUKEE CAMPUS  
700 West State Street  
Milwaukee, WI 53233-4443  
414-297-6100  
414-297-6551 (T.A.S.)

**matc**

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**Milwaukee Area Technical College**

Match 23, 2004

Mr. A. J. Amato  
President  
Wisconsin Technical College System Board  
7645 Farmington Way  
Madison, WI 53717

Dr. Richard Carpenter  
President  
Wisconsin Technical College System  
P. O. Box 7874  
Madison, WI 53707-7874

Dear Board President Amato and President Carpenter:

Thank you for the opportunity to further clarify and expand on our progress in addressing recommendations made by the Legislative Audit Bureau last year. After working with WTCS staff to address specific questions raised at the board's December meeting, we look forward to clarifying those issues. A general summation of our responses to those questions is attached for review prior to our meeting.

We also look forward to hosting your meeting and giving you a broad look at the important work being done at MATC.

Sincerely,

*Darnell Cole*

Darnell E. Cole  
President

Attachments: 5

**Update on LAB Recommendations to MATC**  
**Report to the Wisconsin Technical College System Board**

**Milwaukee Area Technical College**

**March 23, 2004**

**Update on LAB Recommendations to MATC**  
**Report to the Wisconsin Technical College System Board**  
**Milwaukee Area Technical College**  
**March 23, 2004**

**CONTRACTED TRAINING**

**Summary of Actions Taken Prior to October 2003**

The Office of Corporate Learning (OCL) conducted market research on the pricing structures of other training vendors, including four-year universities, staffing service organizations, private training vendors and local sales and management training consultants. Using this data, as well as comparable pricing information from other technical colleges in Southeast Wisconsin, OCL developed a contract pricing strategy for all full-cost contracts (attachment).

In addition, MATC Board Policy B0301 was revised to more clearly identify those activities that qualify for less-than-full-cost recovery pricing. The revised Policy was approved by the District Board on September 24, 2003 (attached).

**Specific Issues Raised by the WTCS Board for Clarification**

1. What are the criteria for reduced-rate contracts issued by the college's Office of Corporate Learning?
2. Has a decision matrix been established for the issuance of reduced-rate contracts?
3. Are the criteria applied uniformly?
4. Are criteria prioritized or weighted as part of the decision process relative to reduced-rate contracts?
5. Referencing the policy which revises the cost recovery standard used by MATC, will the college also consider a revision that would more clearly define the multiple definitions of cost recovery?

**Progress Update**

**Criteria Development**

Development began in November 2003 on the criteria related to the parameters and requirements for a contract to qualify under Board Policy B0301. A preliminary decision matrix was drafted, which lists the qualifying criteria, the documentation or evidence required, and the "exception" to pricing guidelines.

**Decision Matrix**

Beginning in February 2004, research looked at four technical colleges located in southeastern Wisconsin to determine their costs of comparable B0301 activities. This data, in addition to the market research data, was used to finalize the draft of the decision matrix. This matrix will be presented to the OCL Business Advisory Board on March 31 for comment and then forwarded to Vice President Kettner for consideration and implementation (attachment).

### **Criteria Application**

The OCL Business Advisory Board will review B0301 criteria and cost recommendations this month, which then will be forwarded to Vice President Kettner.

### **Prioritizing**

Prioritization of B0301 criteria will begin in April.

### **Cost Recovery**

The OCL Business Advisory Board will review B0301 priorities in May. A final draft of the decision matrix then will be forwarded to Vice President Kettner for approval by the District Board. In addition to the decision matrix, a revision of the wording of Board Policy B0301 will be recommended that will clarify the multiple definitions of cost recovery currently used throughout the policy.

## **ENTERPRISE AND AUXILIARY SERVICES**

### **Summary of Actions Taken Prior to October 2003**

This department oversees dining services, bookstores, and child care at all four campuses, as well as two business incubators known as the Milwaukee Enterprise Centers (MECs). Recognizing that the Enterprise and Auxiliary Services department had experienced long-term deficits and quality concerns, the college appointed its first director. He has a strong background in college services and a track record of successful turnarounds.

The first steps taken were to:

- Modernize food service at the Milwaukee Campus
- Increase accountability by replacing external food vendors with in-house staff
- Increase sales through product improvement in food service and the bookstore

### **Specific Issues Raised by the WTCS Board for Clarification**

1. What is included in the 2004-05 budget for property tax subsidies for food service and child care?
2. Explain and quantify how the bookstore is used to subsidize other operations within the Enterprise and Auxiliary Services Department.
3. What is the plan for full self-sufficiency?
4. What is the reason for the 23% increase in property tax subsidy between 2002-03 and 2003-04?
5. Is there a goal to reduce the percentage of property tax subsidy needed, and if so, what is the timeline?
6. Having set a benchmark of self-sufficiency for food service, what is a realistic and appropriate property tax subsidy for child care?
7. What graduation goals have been set for the MECs?
8. What rewards or penalties have been put into place to encourage/persuade a business to graduate?

9. Has MATC established a procedure or process that accurately tracks the number of jobs created by MEC activity?

**Progress Update**

**Food Service and Child Care Tax Levy Subsidies**

No tax levy subsidy for food service is included in the proposed 2004-05 budget. However, \$613,000 of bookstore net profit will be used to offset projected losses in food service. Please note that losses in food service are projected to be reduced by nearly half in 2004-05 compared to 2003-04.

The tax levy subsidy for child care will be reduced by \$120,000 in the proposed 2004-05 budget. The decrease follows a \$220,000 (23 percent) increase in 2003-04 because the child care centers assumed the payroll costs for four educational assistants. The four positions were originally designed to provide instructional assistance for Early Childhood Education faculty and students, integrated within the staffing of the child care centers. With changes in the instructional program, and reliance on these employees to meet statutory child care center staffing requirements, it was determined that their payroll is more appropriately charged to the child care centers.

**Bookstore Profit Distribution**

By design, bookstore net income is used to subsidize projected losses in food service and child care centers. The administration has established a net income guideline of 10 percent of bookstore sales as the maximum net income. Earned or projected net income in excess of 10 percent of sales will result in textbook price reductions.

**Food Service Self Sufficiency**

A model for self sufficiency in food service has been drafted and relies on attaining benchmark objectives in sales, cost of goods and payroll. This model will require further review relative to college policies and procedures, as well as established contractual agreements with bargaining units. Progress is expressed in the projected reduction of operating losses (2002-03 compared to 2004-05) by more than 50%.

**Child Care Self Sufficiency**

The administration estimates that the child care program will require continual tax levy subsidy at levels ranging from 40% to 50% of program salaries and benefits, which is the approximate differential between the wage and benefit rates paid by MATC and prevailing rates in the community.



**Property Tax Subsidy**

As referenced above, the tax levy subsidy of food service is projected to end in 2003-04. Elimination of property tax subsidy for child care is not envisioned due the aforementioned payroll changes. However, a four-year timeline calls for reducing the level of tax levy subsidy from \$1.17 million in 2003-04 to \$935,000 by 2006-07.

**MEC Graduation Goals**

Proposed guidelines for MEC tenants reflect a goal to graduate tenants within five years. Initial lease terms are discounted and increase over the course of the five years to full market rate. Lease rates are tested twice a year against the rates for similar space published in the Commercial Leasing Guide. Rates may vary because of location within the building, utility burden and demand for general services or other amenities.

In FY05, MEC management will develop an individualized and mutually agreeable graduation plan for each tenant, targeting specific criteria and time frames for graduation.

**Graduation Incentives**

The incentive for a business to graduate or otherwise leave the program is the loss of favorable lease terms and other program benefits upon fulfillment of the graduation plan or the lapse of five years. This is the framework for transitioning successful tenants to commercial facilities in the community.

**Job Tracking**

MEC management will collaborate with MATC's Research Department to establish statistically credible methods of collecting data on MEC tenant jobs, demographics, economic impact and other data of interest to WTCS and/or the District Board. This project is scheduled for completion by July 31, 2004.

**CONSULTING**

**Summary of Actions Taken Prior to October 2003**

MATC hires consultants to advise the college in specialty areas such as labor and employment law, litigation, liability and insurance. Internal hiring allowed the college to terminate its contract with Zeppos and Associates Public Relations. To help the District Board become better informed about consulting expenses, the college began producing quarterly summary reports.

**Specific Issues Raised by the WCTS Board for Clarification**

1. Request that copies be provided of quarterly reports to the MATC Board on consulting.
2. Explain the claimed reduction of \$108,000 in annual legal expenses cited in November, 2003 progress report versus data provided in January 2004.
3. What does retainer plus expenses mean?

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Progress Update

**Consulting**

Reports on consulting contracts are submitted to the MATC District Board on a quarterly basis (example attached)

**Legal Expenses – \$108,000 Reduction**

Over and above MATC's retainer with Michael Best and Friedrich, while the college was without a vice president – general counsel, MATC paid the firm to perform those duties. The surcharge ended when the position was filled in April 2002.

**Retainer/Expenses**

MATC pays a monthly retainer for legal services. The retainer covers any and all work performed on the college's behalf by the firm's attorneys. It does not cover collateral costs such as filing fees, stenographer fees, computer-aided legal research etc. MATC pays some vendors directly. Other costs are paid by the law firm, which then bills the college.

**PERSONNEL AUTHORITY OF THE PRESIDENT**

Specific Issues Raised by the WCTS Board for Clarification

1. Is this still an issue?
2. What's the status?

Progress Update

The District Board was scheduled to review this matter on its retreat on March 13, 2004. More pressing issues had to take priority, however, and it was covered only briefly as part of an agenda item pertaining to the President. The board remains committed to addressing the topic, which will be placed on the agendas of the appropriate committee(s) for discussion before June 30, 2004.

## OCL – Pricing Strategy – 2004

Service	Timeframe	Fee Structure
Credit-based courses	48 periods	\$10,000 – 15,000 <i>plus books</i>
Non-credit courses/programs	½ Day 1 Day Less than ½ day	\$1,000 <i>includes materials</i> \$2,000 <i>includes materials</i> \$500 minimum, <i>includes materials</i>
Quality (Credit-based)	48 periods	\$12,000 <i>plus books</i>
Quality (Non-credit)	½ Day 1 Day Less than ½ day	\$1,200+ <i>includes materials</i> \$2,500+ <i>includes materials</i> \$500 minimum, <i>includes materials</i>
Course Customization	Per hour	\$150 per hour
Technical Assistance/Consulting	Per hour	\$150 per hour; minimum two hours
CPR/AED Training	4 hours	\$1,000, <i>includes materials</i> (\$26 Red Cross book; \$3 CPR card) <b>per group of 8-10</b>
Responsible Beverage Service	4 hours	\$1,000 <i>includes materials</i>
AutoCAD	18 hours	\$4,500 <i>includes materials</i>

Title: CONTRACTS FOR SERVICES	Code: B0301
Authority: Wis. Stats. § 38.04(14); 38.14(3); 118.15(2)(a and c); WTCSB Administrative Code, TCS Chapter 8; Board Minutes, 2/16/83; 1/22/85; 1/21/86; 10/25/88; 4/22/91; 7/20/92; 5/24/93; 3/28/95; 11/16/99; 8/22/00; 9/23/03	Original Adoption: 2/16/83 Revised/Reviewed: 9/23/03 Effective: 9/24/03

Pursuant to the provisions of Wis. Stats. § 38.14 (3) and Chapter TCS 8 of the Wisconsin Administrative Code, the MATC District Board may enter into contracts to provide services to businesses and industries, local governments, public and private educational institutions and under certain conditions to foreign governments and businesses not operating in Wisconsin.

#### **CLASSIFICATION OF CONTRACTS**

All contracts for service will be classified as (1) within district; (2) out of district, but within State; and (3) foreign governments or businesses. Contracts will be subject to the following provisions:

1. Within District:

MATC may contract with businesses, industries and other organizations located within its district. The delivery of such services shall be in accordance with an annual business outreach plan. The plan shall be developed on the basis of a needs assessment, an assessment of training capability, the identification of other potential service providers, and the strategy for service delivery.

The pricing of service provided by the district shall be established so as to make every effort to recover 100% of direct costs and the administrative costs associated with the Office of Community and Corporate Learning on an annual aggregate basis. In no case shall the cost recovery on individual contracts be less than an amount equivalent to cover tuition and fees for aidable instructional contracts. The president or the president's designee have the authority to approve contract pricing at less than 100% cost recovery under procedures outlined in BB0301. In addition, some contract pricing may exceed 100% of cost as determined by prevailing market conditions so as to not unfairly compete with other public and private vendors of similar services.



Milwaukee Area Technical College

Title: CONTRACTS FOR SERVICES

Code: B0301

## CLASSIFICATION OF CONTRACTS

### 2. Out of District, But Within State:

MATC may contract with a service recipient located outside the district, but within the State. MATC will notify the President of the district where the service recipient is located of the existence of said contract within 30 days of its initiation. Pricing guidelines for these contracts shall be the same as those established for in-district.

### 3. Out of District, But Not Operating Within the State:

MATC may contract with a foreign government or any business which is not operating in this state, if it demonstrates that the district will receive a direct and measurable benefit from the contract and that the contract will not result in a reduction in the quality of education by the district and if all of the following conditions are met:

- a. For contracts with a foreign government, the contract satisfies all the provisions of Policy D0109 (International Programming).
- b. The contract meets all of the requirements for a District Board contract.
- c. The contract provides for full cost recovery so that no direct or indirect costs under the contract will be funded by the District.
- d. The Finance Division will conduct an audit, on at least an annual basis, to determination that no state aids or district tax funds are spent in the execution of the contracts.

## CONTRACT DEVELOPMENT AND REVIEW

A review process will be established to ensure consistent application of MATC policies and state regulations. Contracts may be initiated by designated personnel responsible for external contracting activity. Each contract will be assessed for compliance by the president's designee prior to execution. Contracts not subject to full-cost recovery per criteria defined in Appendix A must have prior approval by the president or the president's designee.



Milwaukee Area Technical College

Title: CONTRACTS FOR SERVICES

Code:

B0301

### ASSURANCE OF NON-DISCRIMINATION

The district shall require contractual assurances that the service recipient does not discriminate on the basis of age, race, color, sex, creed, handicap, political persuasion, ancestry, or sexual orientation against:

1. Any employee or applicant for employment, in regard to hire, tenure or term, condition or privilege of employment except where there is a bona fide occupational qualification.
2. Any student or any applicant for enrollment in regard to admission or privilege of enrollment.

### STUDENT DISPLACEMENT

District residents currently on waiting lists to enter MATC programs or courses may not be displaced by "slotting" an employee or student of a contracting party into a regularly scheduled course or program. For purposes of furthering programs federally legislated, such as affirmative action, etc., the district board may approve programs intended to reserve slots as appropriate. Supplementary courses such as establishment of additional sections on a contractual basis is not construed as displacement.

### EMPLOYEE RESTRICTIONS

No MATC employee may receive additional salary, benefits or reimbursement for work performed pursuant to a contract for services where the employee is already being compensated for the same work by MATC. Subject to the previous conditions, employees may receive additional salary, benefits, or reimbursement pursuant to a contract for service provided that such employment is consistent with district board Policy C0700 (Employee Code of Ethics).

### RECEIPT OF REVENUES

All payments received by the district from a service recipient through a contract for services must be deposited into a district account.

### ALTERNATIVE SERVICE PROVIDERS

MATC shall assure that private sector alternative service providers are given due consideration for fair competition in regard to pricing and service prior to the decision to enter into contracts.



Milwaukee Area Technical College

Title: CONTRACTS FOR SERVICES

Code: B0301

### PRIVATE SECTOR PROVIDER COMPLAINT AND APPEALS

Provisions for reviewing and handling private sector complaints are provided in Policy B0502 (Agreement for Use of District Land).

1. MATC shall maintain a written private sector provider complaint and appeal process. The private sector relations committee, as provided for in B0502, shall review disputes with private sector providers, which are forwarded to the district in writing regarding district outreach contracting. The committee shall issue an advisory opinion within 20 days, with a final decision rendered by the district within 30 days after receiving the dispute.
2. The private sector committee shall refer private sector provider disputes, which are appealed following a decision to the MATC board for final review.

### REPORTING

MATC will maintain contracts on file pursuant to Wisconsin Statutes and comply with provisions of Wisconsin Administrative Codes as transmitted by WTCSB. MATC will submit reports in compliance with State Board requirements. All instructional contracts shall be in writing and in the format prescribed by Wisconsin Administrative Code. MATC staff will provide annually to the District Board a summary report of contracting cost recovery as determined by the WTCSB.

The MATC District Board shall receive a report of the contracts, which were entered into during the previous quarter for which less than full-cost is being charge. Full cost will be determined employing the methodology specified by the WTCSB. The report shall identify the estimated cost of each contract, the amount charged, and the rationale for charging less than full cost.

**Contracts for Services: Board Policy BO301 Decision Matrix**

A. Profit Organizations:	Criteria:	Usual Pricing	Exception Pricing
<b>Business Attraction:</b> When a new business is locating in the district and the training is part of an economic development package. Recommendation of the local economic development agency.	Must be identified and recommended as a new business by a local economic development agency.	\$250/hour of instruction; \$150 per hour of technical assistance	\$175/hour of instruction; \$125 per hour of technical assistance
<b>Business Expansion:</b> When a business is expanding and creating new jobs to a local workforce.	Must submit an approved business plan outlining specific expansion and predicted number of new jobs; and documentation of specific job skills required.	\$250/hour of instruction; \$150 per hour of technical assistance	\$175/hour of instruction; \$125 per hour of technical assistance
<b>Business Retention:</b> When a business' continued existence is jeopardized by a lack of trained workforce.	Must submit documentation of internal/external training programs; and documentation of specific job skills.	\$250/hour of instruction; \$150 per hour of technical assistance	\$175/hour of instruction; \$125 per hour of technical assistance
<b>New Technology and Industrial Skills:</b> When a business is introducing new technology and industrial skills by upgrading a product, process or service.	Must provide evidence of new technology, or product/process/service upgrade. Can be submitted in the form of new machinery or process map.	\$250/hour of instruction; \$150 per hour of technical assistance	\$175/hour of instruction; \$125 per hour of technical assistance
<b>Minority and/or Disabled Worker:</b> When a business needs training to provide job opportunities for minorities and/or disabled workers.	Must submit evidence of hiring processes; documentation of the cost of and any reasonable accommodations that need to be provided; and documentation of specific job skills.	\$250/hour of instruction; \$150 per hour of technical assistance	\$175/hour of instruction; \$125 per hour of technical assistance
<b>Seeks Funding to Expand:</b> When a business is including training in a proposal seeking local/state/federal assistance to expand their operations.	Wording and cost projections in a grant or funding mechanism that includes or mentions MATC must be approved by the MATC Grants Office prior to submission	\$250/hour of instruction; \$150 per hour of technical assistance	\$175/hour of instruction; \$125 per hour of technical assistance
<b>Compliance Training:</b> When a business needs training to comply with rules, regulations or laws established by federal, state or local governments.	Must submit original documents from the regulatory body documenting the training requirements and timeframes.	\$250/hour of instruction; \$150 per hour of technical assistance	\$175/hour of instruction; \$125 per hour of technical assistance



B. Non-Profit Organizations:	Criteria:	Usual Pricing	Exception Pricing
<p>1. <b>Target Populations:</b> When an agency complements the district's training efforts by attracting special target populations, e.g., fire fighters, emergency medical services, handicapped, disadvantaged and minority individuals. These examples are a few illustrations and not all-inclusive.</p>	<p>Must submit documentation of non-profit status; a description of the target population; job placement plans; and documentation of specific job skills.</p>	<p>\$250/hour of instruction; \$150 per hour of technical assistance</p>	<p>Salary + Fringe + 10% administrative costs for non-credit training; Salary + Fringe + 10% administrative costs for credit training</p>

Scenarios are based upon the following full-cost requirements:

Full-time (highest) class & step faculty; on campus; lecture = \$328.68 per hour

Full-time (highest) class & step faculty; off campus; lecture = \$291.93 per hour

Average class & step faculty; off campus; lecture = \$254.80 per hour

Attachment FPO- 13

Quarterly Consultant Report

The March 2003, report "An Evaluation: Milwaukee Area Technical College District" by the Legislative Audit Bureau (LAB) included recommendations related to the finance and operating activities. Specifically, LAB recommended that MATC review the use of consultants. Subsequent to release of the report, LAB staff suggested the review focus on legal, public relations, lobbying, and other consultants used by the president.

MATC agreed with this recommendation and the MATC Board adopted a resolution at its March 25, 2003 meeting requiring "that the MATC administration, on a quarterly basis, submit a report to the Finance, Personnel, and Operations Committee detailing the number, status, and duration of consultant contracts."

In compliance with the LAB recommendation and MATC Board resolution, the following information is presented for review and consideration.

**Legal Services**

MATC has engaged through a competitive procurement process the services of Michael Best & Friedrich to provide legal services for labor, general real estate, general business, public finance matters, education law, immigration law, litigation, administrative agency complaints, student law, and board counsel. The contract which includes a monthly retainer of \$34,200 plus expenses, was approved by the MATC Board at its November 2003 meeting. This contract expires on or before December 30, 2006.

Payments per this contract for FY 2003-04 are as follows:

July 1, 2003 – September 30, 2003:	\$ 113,032.04
October 1, 2003 – December 31, 2003:	\$ 112,357.40

MATC has engaged through a competitive procurement process the services of Dow, Lohnes & Albertson to serve as FCC Counsel. The contract which includes a fee of \$315 to \$375 per hour, plus expenses was approved by the MATC Board at its December 2002 meeting. This contact expires December 31, 2005; however, the contract can be extended for two additional one year periods.

Payments per this contract for FY 2003-04 are as follows:

July 1, 2003 – September 30, 2003	\$ 1,942.14
October 1, 2003 – December 31, 2003:	\$ 2,326.40

## Lobbying Services

MATC has engaged through a competitive procurement process the services of Broydrick & Associates to supplement and support staff on local, state and federal issues requiring extensive, specialized areas of lobbying expertise and/or a high level of attention. The contract which includes a monthly retainer of \$2,500, plus expenses was approved by the MATC Board at its January 2003 meeting. This contract expires January 31, 2004; however, the contract can be extended up to four additional one-year periods following an annual assessment. To allow for continued assessment of this service, this contract is being extended for three months, to April 30, 2004.

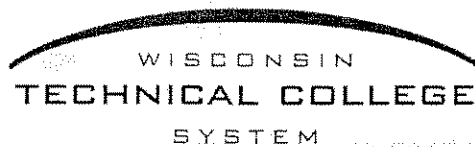
Payments for this reporting period are:

July 1, 2003 – September 30, 2003: \$ 7,500.00

October 1, 2003 – December 31, 2003: \$ 7,500.00

Lobbying activities included:

- Federal earmark and grant proposal support
- Monitor action with regard to the Assembly Task Force to Review the Wisconsin Technical College System
- Advocacy for the construction of Applied Technology Centers
- Research and reports on federal, state and local legislation with possible impacts on MATC
- Direct follow up on legislative research as directed by the MATC administration and board
- Response to federal and state requests for information pertaining to MATC
- Presenting MATC's positions on pending state legislation directly to legislators, legislative aides and other governmental staff (i.e., state budget, Perkins funding, etc.)



November 26, 2003

Mark Maierle, District Board Chair  
Darnell Cole, President  
Milwaukee Area Technical College  
700 West State Street  
Milwaukee, Wisconsin 53233-1443

Dear Board Chair Maierle and President Cole:

Thank you for responding to the WTCS Board's request for a status report on Milwaukee Area Technical College District actions regarding the Legislative Audit Bureau's evaluation of MATC (Report 03-04).

The College's presentation at the Board's November 19, 2003 meeting was informative and helpful. It is clear that MATC has made progress in addressing the Audit Bureau's recommendations and we commend you for your efforts. In particular, the Board appreciates the work that MATC has done since the audit was requested in 2002 to turnaround the College's financial condition. Your prudent fiscal management exemplifies the WTCS commitment to maintain high quality educational services during these difficult economic times.

The WTCS Board shares your assessment that further progress in addressing the LAB recommendations is necessary. Toward this end, we request that MATC provide another progress report at the WTCS Board's meeting scheduled for March 30 and 31, 2004, which will be held at MATC-Milwaukee. You should be prepared to describe actions taken between October 2003 and March 2004 to implement the Audit Bureau's recommendations, provide a timeline for future actions (if necessary), and answer any additional questions from Board members.

In the interim, there are a number of areas covered in your audit status report in which the Board is interested in receiving more details. In particular, the Board requests:

**Contracted Training**

- A copy of MATC's "decision matrix" or "pricing strategy" to facilitate more uniformity in reduced-rate contract decisions.
- A copy of MATC's revised cost recovery policy for contract training.

Dr. Richard Carpenter, President

310 Price Place PO Box 7874 Madison, Wisconsin 53707-7874 608.266.1207

TTY: 608.267.2483 Fax: 608.266.1690 E-mail: info@wtcsystem.org

www.wtcsystem.org www.witechcolleges.com

### **Enterprise and Auxiliary Services**

- A report on MATC's actual 2002-03 property tax revenue subsidy for food service, bookstore and child care operations and an estimate of the subsidies for fiscal years 2003-04 and 2004-05.
- A description of why MATC considers childcare services an integral part of college operations and why the college believes some level of property tax support is appropriate for childcare services.

### **Milwaukee Enterprise Centers**

- A copy of the graduation goals for the Milwaukee Enterprise Centers.
- A description of the tracking system of job creation and quarterly financial reporting process for the Milwaukee Enterprise Centers.
- A description of how the College considers educational need criteria when evaluating potential tenants in the Milwaukee Enterprise Centers.
- Demographic data on Milwaukee Enterprise Center tenants.

### **Consulting**

- A breakdown of expenditures for the last three years and estimated expenditures for the current year (2003-04) for legal, lobbying, and public relations consulting services.
- A copy of the most recent report provided to the MATC Board on consulting activity.

### **Personnel Authority of the President**

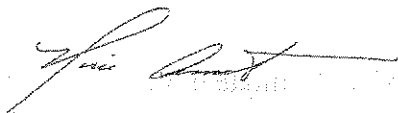
- A copy of the District's policy regarding the President's authority over personnel decisions.

### **Communications with the Board**

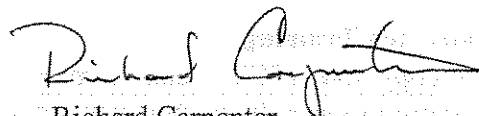
- A list of standard reports for information required by the MATC Board (such as consulting expenditures and legislative updates).

For timely consideration by the WTCS Board, this information should be submitted to the System Office no later than January 9, 2004. If you have any questions regarding this request, please contact Dan Clancy at 608.266.7983.

Sincerely,



A.J. Nino Amato  
WTCS Board President



Richard Carpenter  
WTCS President

cc: WTCS Board Members

MILWAUKEE CAMPUS  
700 West State Street  
Milwaukee, Wisconsin 53233-1443  
414-297-6320  
fax: 414-297-6553  
e-mail: coled@matc.edu

**matc**

**Milwaukee Area Technical College**

Darnell E. Cole  
President

MILWAUKEE CAMPUS  
700 West State Street  
Milwaukee, Wisconsin 53233-1443  
414-297-6600

NORTH CAMPUS  
5555 West Highland Road  
Mequon, Wisconsin 53092-1199  
262-236-2200

SOUTH CAMPUS  
6665 South Howell Avenue  
Oak Creek, Wisconsin 53154-1196  
414-571-4500

WEST CAMPUS  
1200 South 71st Street  
West Allis, Wisconsin 53214-3110  
414-456-5500

January 9, 2004

VIA E-MAIL

Mr. A. J. Nino Amato  
WTCS Board President  
Wisconsin Technical College System Board  
7645 Farmington Way  
Madison, WI 53717

Dr. Richard Carpenter  
WTCS President  
Wisconsin Technical College System  
P O Box 7874  
Madison, WI 53707-7874

Dear Board President Amato and System President Carpenter:

Thank you for the opportunity to further clarify and expand on our progress in addressing recommendations made by the Legislative Audit Bureau last year. We look forward also to continued discussion in March and hope that the enclosed materials are helpful in that regard.

The categorical information and documents requested in your letter of November 26, 2003, follow:

**Contracted Training**

- A copy of MATC's "pricing strategy" to facilitate more uniformity in reduced-rate contract decisions. (Exhibit #1)

*Note: These criteria are targeted specifically at enhancing economic development, educational opportunity and protective services training. All three are closely tied both to the college's primary mission and the unique and critical needs of our diverse, metropolitan district.*

- A copy of MATC's revised cost recovery policy for contract training. (Exhibit #2)

*Note: The LAB's concern relative to this policy was focused on compliance. The former policy stipulated that the college "must recover 100% of direct and administrative costs." The MATC District Board has since revised the policy to read: "The pricing of service provided by the district shall be established so as to make every effort to recover 100% of direct costs and the administrative costs associated with the Office of Community and Corporate Learning on an annual aggregate basis." This revision allows the president or president's designee to balance pricing decisions that are closely aligned with the college's mission and in the best interests of the community. At the same time, the policy continues to call for continued emphasis on full cost recovery.*

#### **Enterprise and Auxiliary Services**

- A report on MATC's actual 2003-2004 property tax revenue subsidy for food service, bookstore and child care operations and an estimate of the subsidies for fiscal year 2003-04 and 2004-2005. (Exhibit #3)

*Note: As Exhibit #3 demonstrates, property tax subsidies were not required for the college bookstores. Also, this year's budget assumes that food services will not require property tax subsidy support; however, bookstore profits have historically been and are again planned to subsidize food service.*

*This year's subsidy for child care will increase given that the cost of wages and benefits will exceed the rise in user fees. Comparatively, user fees have moved to the high end of the local market. At the same time, wages and benefits are about 50 percent over the market wage rate for child care teachers and staff. This, in large part, is due to the district's long-held support for "living wages" for child care workers. As you know, MATC offers an outstanding academic program in child care and values the important work done by its graduates. Lowering wages in the college's own child care facilities could send a conflicting message to the industry.*

*Note: A subsidy estimate for 2004-05 has not yet been presented to the MATC District Board for approval and is therefore not included in Exhibit #3. MATC remains committed to lowering the amount of property tax levy support for auxiliary enterprises. Approval is expected prior to the WTCS Board meeting in March.*

Mr. A. J. Nino Amato  
Dr. Richard Carpenter  
Page 3  
January 9, 2004

- A description of why MATC considers child care services an integral part of college operations and why the college believes some level of property tax support is appropriate for child care services.

*Response: MATC's child care centers play an important dual role in supporting the college's core mission. The first is to support the student access and retention goals of the college. The second is to provide instructional support for the college's Early Childhood Education program. With regard to access and retention, there are significant challenges for potential and current student-parents. A particularly high number of single parents live in Milwaukee in comparison to other cities and regions nationally. At the same time, a large proportion of both two and single parent families in Milwaukee suffer from unemployment or underemployment. To improve their economic position, they must have access to the kind of education and training that leads to family-sustaining wages and benefits.*

*Secondly, our centers provide students in the college's Early Childhood Education Program with practical experience in a controlled, state-of-the-art environment. This is a crucial facet of our instructional program in that many sites outside of the college do not provide high quality care and performance. This controlled environment insures that our students receive the best education possible and that our graduates enrich the child care field.*

*It is for these reasons that the college believes child care is an integral part of its operations and that some level of property tax support is appropriate for this service.*

#### **Milwaukee Enterprise Centers**

- A copy of the graduation goals for the Milwaukee Enterprise Centers (Exhibit #4)
- A description of the tracking system of job creation and quarterly financial reporting process for the Milwaukee Enterprise Centers (Exhibit #5)



Mr. A. J. Nino Amato  
Dr. Richard Carpenter  
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*Note: Staff of Milwaukee Enterprise Centers will:*

- ✓ *Survey tenants semi-annually to determine profit/non-profit status, ownership (including gender and ethnicity), and employment patterns (including gender and ethnicity)*
- ✓ *Present a semi-annual report to the district board which will include graduation, ownership, employment and financial statistics as recommended by the Legislative Audit Bureau*
- A description of how the College considers educational need criteria when evaluating potential tenants in the Milwaukee Enterprise Centers (Exhibit #6)

*Note: The Milwaukee Enterprise Centers were established as a community partnership with the City of Milwaukee, Wisconsin Technical College System Foundation and MATC. Given that statutorily "economic development" is a specific college mission, MATC eventually accepted sole responsibility for this important approach to business incubators. The purpose of the centers is to provide a catalyst for economic development, job creation, and community revitalization. Tenants are selected based on their potential to enrich those three expectations as outlined in Exhibit #6. Educational need is not a selection criteria but tenants are informed of supporting instructional offerings.*

- Demographic data on tenants of Milwaukee Enterprise Centers (Exhibit #7)

*Note: MATC has also begun a mid-year performance report which includes a survey process expected to provide more expansive demographic data.*

### Consulting

- A breakdown of expenditures for the last three years and estimated expenditures for the current year (2003-04) for legal, lobbying, and public relations consulting services (Exhibit #8)
- A copy of the most recent report provided to the MATC Board on consulting activity (Exhibit #9)

Mr. A. J. Nino Amato  
Dr. Richard Carpenter  
Page 5  
January 9, 2004

### Personnel Authority of the President

- Copies of the district's policies regarding the president's authority over personnel decisions (Exhibits #10 and #11).

*Note: As Exhibits #10 and #11 delineate, official college policies clearly assign the president authority over personnel decisions. In addition, the current president's employment contract provides further authority to the college's chief executive officer to assign and transfer personnel.*


### Communications with the Board

- A list of standard reports for information required by the MATC Board (Exhibit #12)

If you have any questions regarding this information or need additional material, please contact Todd Poppe at 414-297-6492.

We look forward to our second presentation to the WTCS Board in March.

Sincerely,

  
Darnell E. Cole  
President

## EXHIBIT 1: CRITERIA FOR REDUCED CONTRACT RATES

Reduced contract rates may be approved subject to one or more of the following qualifying criteria:

### A. Profit Organizations:

1. Business Attraction: When a new business is locating in the district and the training is part of an economic development package. Recommendation of local economic development agency.
2. Business Expansion: When a business is expanding and creating new jobs to a local workforce.
3. Business Retention: When a business' continued existence is jeopardized by a lack of trained workforce.
4. New Technology and Industrial Skills: When a business is introducing new technology and industrial skills by upgrading a product, process or service.
5. Minority and/or Disabled Worker: When a business needs training to provide job opportunities for minorities and/or disabled workers.
6. Seeks Funding to Expand: When a business is including training in a proposal seeking local/state/federal assistance to expand their operations.
7. Compliance Training: When a business needs training to comply with rules, regulations or laws established by federal, state or local governments.

### B. Non-Profit Organizations:

1. Target Populations: When an agency complements the district's training efforts by attracting special target populations; e.g., firefighters, emergency medical services, handicapped, disadvantaged and minority individuals. These examples are a few illustrations and not all-inclusive.
2. Agency Funding: When the majority of agency's funding comes from local taxes, state or federal funds.
3. Clientele Served: When clientele served by the agency is consistent with the MATC mission.

EXHIBIT 2: MATC POLICY B0301-CONTRACTS FOR SERVICES

**mate**

Milwaukee Area Technical College

**POLICY**

Title: CONTRACTS FOR SERVICES	Code: B0301
Authority: Wis. Stats. § 38.04(14); 38.14(3); 118.15(2)(a and c); WTCSB Administrative Code, TCS Chapter 8; Board Minutes, 2/16/83; 1/22/85; 1/21/86; 10/25/88; 4/22/91; 7/20/92; 5/24/93; 3/28/95; 11/16/99; 8/22/00; 9/23/03	Original Adoption: 2/16/83 Revised/Reviewed: 9/23/03 Effective: 9/24/03

Pursuant to the provisions of Wis. Stats. § 38.14 (3) and Chapter TCS 8 of the Wisconsin Administrative Code, the MATC District Board may enter into contracts to provide services to businesses and industries, local governments, public and private educational institutions and under certain conditions to foreign governments and businesses not operating in Wisconsin.

**CLASSIFICATION OF CONTRACTS**

All contracts for service will be classified as (1) within district; (2) out of district, but within State; and (3) foreign governments or businesses. Contracts will be subject to the following provisions:

1. Within District:

MATC may contract with businesses, industries and other organizations located within its district. The delivery of such services shall be in accordance with an annual business outreach plan. The plan shall be developed on the basis of a needs assessment, an assessment of training capability, the identification of other potential service providers, and the strategy for service delivery.

The pricing of service provided by the district shall be established so as to make every effort to recover 100% of direct costs and the administrative costs associated with the Office of Community and Corporate Learning on an annual aggregate basis. In no case shall the cost recovery on individual contracts be less than an amount equivalent to cover tuition and fees for aidable instructional contracts. The president or the president's designee have the authority to approve contract pricing at less than 100% cost recovery under procedures outlined in BB0301. In addition, some contract pricing may exceed 100% of cost as determined by prevailing market conditions so as to not unfairly compete with other public and private vendors of similar services.

**mate**

Milwaukee Area Technical College

Title: CONTRACTS FOR SERVICES

Code:

B0301

### CLASSIFICATION OF CONTRACTS

2. Out of District, But Within State:

MATC may contract with a service recipient located outside the district, but within the State. MATC will notify the President of the district where the service recipient is located of the existence of said contract within 30 days of its initiation. Pricing guidelines for these contracts shall be the same as those established for in-district.

3. Out of District, But Not Operating Within the State:

MATC may contract with a foreign government or any business which is not operating in this state, if it demonstrates that the district will receive a direct and measurable benefit from the contract and that the contract will not result in a reduction in the quality of education by the district and if all of the following conditions are met:

- a. For contracts with a foreign government, the contract satisfies all the provisions of Policy D0109 (International Programming).
- b. The contract meets all of the requirements for a District Board contract.
- c. The contract provides for full cost recovery so that no direct or indirect costs under the contract will be funded by the District.
- d. The Finance Division will conduct an audit, on at least an annual basis, to determination that no state aids or district tax funds are spent in the execution of the contracts.

### CONTRACT DEVELOPMENT AND REVIEW

A review process will be established to ensure consistent application of MATC policies and state regulations. Contracts may be initiated by designated personnel responsible for external contracting activity. Each contract will be assessed for compliance by the president's designee prior to execution. Contracts not subject to full-cost recovery per criteria defined in Appendix A must have prior approval by the president or the president's designee.

**matc**

Milwaukee Area Technical College

Title: CONTRACTS FOR SERVICES

Code: B0301

## ASSURANCE OF NON-DISCRIMINATION

The district shall require contractual assurances that the service recipient does not discriminate on the basis of age, race, color, sex, creed, handicap, political persuasion, ancestry, or sexual orientation against:

1. Any employee or applicant for employment, in regard to hire, tenure or term, condition or privilege of employment except where there is a bona fide occupational qualification.
2. Any student or any applicant for enrollment in regard to admission or privilege of enrollment.

## STUDENT DISPLACEMENT

District residents currently on waiting lists to enter MATC programs or courses may not be displaced by "slotting" an employee or student of a contracting party into a regularly scheduled course or program. For purposes of furthering programs federally legislated, such as affirmative action, etc., the district board may approve programs intended to reserve slots as appropriate. Supplementary courses such as establishment of additional sections on a contractual basis is not construed as displacement.

## EMPLOYEE RESTRICTIONS

No MATC employee may receive additional salary, benefits or reimbursement for work performed pursuant to a contract for services where the employee is already being compensated for the same work by MATC. Subject to the previous conditions, employees may receive additional salary, benefits, or reimbursement pursuant to a contract for service provided that such employment is consistent with district board Policy C0700 (Employee Code of Ethics).

## RECEIPT OF REVENUES

All payments received by the district from a service recipient through a contract for services must be deposited into a district account.

## ALTERNATIVE SERVICE PROVIDERS

MATC shall assure that private sector alternative service providers are given due consideration for fair competition in regard to pricing and service prior to the decision to enter into contracts.

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**matc**

Milwaukee Area Technical College

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Title: CONTRACTS FOR SERVICES

Code:

B0301

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**PRIVATE SECTOR PROVIDER COMPLAINT AND APPEALS**

Provisions for reviewing and handling private sector complaints are provided in Policy B0502 (Agreement for Use of District Land).

1. MATC shall maintain a written private sector provider complaint and appeal process. The private sector relations committee, as provided for in B0502, shall review disputes with private sector providers, which are forwarded to the district in writing regarding district outreach contracting. The committee shall issue an advisory opinion within 20 days, with a final decision rendered by the district within 30 days after receiving the dispute.
2. The private sector committee shall refer private sector provider disputes, which are appealed following a decision to the MATC board for final review.

**REPORTING**

MATC will maintain contracts on file pursuant to Wisconsin Statutes and comply with provisions of Wisconsin Administrative Codes as transmitted by WTCSB. MATC will submit reports in compliance with State Board requirements. All instructional contracts shall be in writing and in the format prescribed by Wisconsin Administrative Code. MATC staff will provide annually to the District Board a summary report of contracting cost recovery as determined by the WTCSB.

The MATC District Board shall receive a report of the contracts, which were entered into during the previous quarter for which less than full-cost is being charge. Full cost will be determined employing the methodology specified by the WTCSB. The report shall identify the estimated cost of each contract, the amount charged, and the rationale for charging less than full cost.

**EXHIBIT 3: PROPERTY TAX LEVY SUBSIDY  
FOR ENTERPRISE OPERATIONS**

	<b>Food Services</b>	<b>Child Care</b>	<b>College Stores</b>
FY 2002-2003	\$345,000.00	\$ 955,000.00	\$ -
FY 2003-2004 <b>Budget</b>	\$	\$1,175,000.00	\$ -
FY 2004-2005 <b>Estimate</b>	n/a	n/a	\$ -

n/a = not available



**EXHIBIT 4: GRADUATION GOALS FOR  
THE MILWAUKEE ENTERPRISE CENTERS**

**Graduation Strategy for the Milwaukee Enterprise Centers**

- MEC staff will execute no leases or rental agreements longer than 3 years with subsequent extensions year-to-year or month-to-month.
- MEC staff will conduct an annual review of all firms occupying space longer than 5 years to assess progress of the business toward long-term sustainability outside the MEC, and to evaluate the consequences of forced graduation for the business and the MEC based on the following criteria:
  - Overall length of stay
  - Assessment of financial strength of the business
  - Assessment of management capabilities
  - Prospects for continued growth in sales and employment
  - Consequences for employees
  - Financial consequences for the business
  - Financial and programmatic consequences for MEC
  - Availability of appropriate commercial accommodations in the community
  - Area economic conditions
  - Demand for incubator space
- MEC staff will formulate a plan for each firm over 5 years in occupancy for movement toward graduation from the facility and review progress annually.

**EXHIBIT 5: JOB CREATION TRACKING SYSTEM FOR  
THE MILWAUKEE ENTERPRISE CENTERS**

- MEC staff will provide updated information on employment, ownership, ethnicity, gender, occupancy, and economic impact to the Board as part of the annual business plan process, as part of the mid-year performance report and in a year-end annual report.

As of June 30, 2003, MEC tenants reflected the following statistics:

	MEC North	MEC South	Total
For profit firms	83	27	110
Agencies	8	2	10
Employees	320	247	567
Minority	223	154	377
Women	125	158	283
Ownership			
Minority	61	12	73
Women	36	8	42
Gross Sales	\$11,400,000	\$9,100,000	\$20,500,000
Gross Leasable	119,5000 sf	75,000 sf	194,500 sf
Space Leased	95,227 sf	56,194 sf	151,421 sf
Graduate Firms	24	9	33
Graduate Employees	100	76	176
Graduate Gross Sales	\$6,025,000	\$9,520,000	\$15,545,000

MEC North employment figures include 20 FTE employees from non profits.  
 MEC North and South sales figures exclude all non profit agencies.  
 MEC South sales figures exclude Allen Edmonds

**EXHIBIT 6: EVALUATION OF POTENTIAL TENANTS  
FOR THE MILWAUKEE ENTERPRISE CENTER**

The evaluation process generally begins with a telephone conversation between the prospective tenant and the general manager or on-site business counselor. Evaluation information is obtained in exchanges with the prospect over a period of weeks, months and sometimes years. Assessment begins with the first telephone conversation and continues throughout the relationship, with the goal of providing business counsel on an ongoing basis through on-site counsel or a network of service providers.

The following criteria are used to evaluate prospective tenants

1. Will the business fit in available space?
2. Is the use permitted?
3. Will the business be compatible with neighbors within the building?
4. Does the prospect have technical knowledge of the product or service?
5. Does the prospect have management experience or business management experience?
6. Does the prospect have educational preparation for managing the business?
7. What are the oral and written communication skills and demeanor of the prospect?
8. Is there a written plan? Is there an unwritten plan?
9. Have start-up costs been calculated?
10. Is there owner equity?
11. Is financing available for six months of expense from personal resources, friends and family, initial contracts or customers, a lending institution?
12. How is the business organized: sole proprietorship, partnership, corporation?
13. Is there a bookkeeping system in place? Is there an accountant or financial advisor in place?
14. Is insurance in place or researched?
15. Does the business have employment potential?
16. Does the prospect have realistic expectations of revenue and a good handle on expenses?

EXHIBIT 7: DEMOGRAPHIC DATA ON  
THE MILWAUKEE ENTERPRISE CENTER TENANTS

	MEC North	MEC South	Total
Employees	320	247	567
Minority	223	154	377
Women	125	158	283
Ownership			
Minority	61	12	73
Women	36	8	42

EXHIBIT 8: CONSULTING SERVICES

	Legal	Lobbying	Public Relations
FY 2000-2001	\$ 562,848.01	\$ 30,682.89	\$ 35,929.59
FY 2001-2002	\$ 549,292.71	\$ 20,223.19	\$ 45,587.68
FY 2002-2003	\$ 504,437.56	\$ 31,920.54	\$ 23,231.06
FY 2003-2004 Estimate	\$ 467,000.00	\$ 30,000.00	\$ 2,250.00

## EXHIBIT 9: CONSULTING ACTIVITY

### Quarterly Consultant Report to the MATC Board Finance, Personnel and Operations Committee Meeting of October 22, 2003

The March 2003, report "An Evaluation: Milwaukee Area Technical College District" by the Legislative Audit Bureau (LAB) included recommendations related to the finance and operating activities. Specifically, LAB recommended that MATC review the use of consultants. Subsequent to release of the report, LAB staff suggested the review focus on legal, public relations, lobbying, and other consultants used by the president.

MATC agreed with this recommendation and the MATC Board adopted a resolution at its March 25, 2003 meeting requiring "that the MATC administration, on a quarterly basis, submit a report to the Finance, Personnel, and Operations Committee detailing the number, status, and duration of consultant contracts."

In compliance with the LAB recommendation and MATC Board resolution, the following information is presented for review and consideration.

#### Legal Services

MATC has engaged through a competitive procurement process the services of Michael Best & Friedrich to provide legal services for labor, general real estate, general business, public finance matters, education law, immigration law, litigation, administrative agency complaints, student law, and board counsel. The contract which includes a monthly retainer of \$36,000 plus expenses, was approved by the MATC Board at its April 2000 meeting. An extension for up to six months was approved by the MATC Board at its June 2003 meeting. This contract expires on or before December 31, 2003.

Payments per this contract for FY 2003-04 are as follows:

July, 2003 - September, 2003: \$ 113,032.04

MATC has engaged through a competitive procurement process the services of Dow, Lohnes & Albertson to serve as FCC Counsel. The contract which includes a fee of \$315 to \$375 per hour, plus expenses was approved by the MATC Board at its December 2002 meeting. This contract expires December 31, 2005; however, the contract can be extended for two additional one year periods.

Payments per this contract for FY 2003-04 are as follows:

July, 2003 - September, 2003 \$ 1,942.14

### Lobbying Services

MATC has engaged through a competitive procurement process the services of Broydrick & Associates to supplement and support staff on local, state and federal issues requiring extensive, specialized areas of lobbying expertise and/or a high level of attention. The contract which includes a monthly retainer of \$2,500, plus expenses was approved by the MATC Board at its January 2003 meeting. This contract expires January 31, 2004; however, the contract can be extended up to four additional one-year periods following an annual assessment.

Payment for this reporting period is:

July 1, 2003 – September 30, 2003: \$7,500.00

Lobbying activities included:

- Federal earmark and grant proposal support
- Monitor action with regard to the Assembly Task Force to Review the Wisconsin Technical College System
- Advocacy for the extension of the sunset provision to Applied Technology Centers
- Research and reports on federal, state and local legislation with possible impacts on MATC
- Direct follow up on legislative research as directed by the MATC administration and board
- Response to federal and state requests for information pertaining to MATC
- Presenting MATC's positions on pending state legislation directly to legislators, legislative aides and other governmental staff (i.e., state budget, Perkins funding, etc.)

### Community Relations

MATC has engaged through a competitive procurement process the services of Bathena Webber to furnish professional supplemental community relations services. The one-year contract is based on a rate of \$47 per hour, plus expenses and is to not exceed \$45,000. This contract expires September 30, 2003.

Payment for this reporting period is:

April 1, 2003 – June 30, 2003: \$6,035.57

Community relations activities included:

- Planning and implementing major college functions for and within the minority community
- Representing the college at public policy meetings dealing specifically with technical education and economic development within the minority community
- Developing educational partnerships that benefit both current and potential minority students
- Arranging meetings for the college president with key leaders within the district's minority community

EXHIBIT 10: MATC BOARD POLICY A0202-1-  
DELEGATION OF AUTHORITY

***matc***

Milwaukee Area Technical College

**POLICY**

Title: DELEGATION OF AUTHORITY	Code: A0202-1
Authority: Wis. Stats. § 38.12 (3)(a)(b)	Original Adoption: 12/13/72
	Revised/Reviewed:
	Effective: 12/14/72

The Milwaukee Area district board employs a president and delegates the administrative responsibilities of carrying out the details of instruction, operation, employee relations, student services, and finance and other operational functions of the Milwaukee area Technical College to him or her.



EXHIBIT 11: MATC BOARD POLICY A0202-3-  
DISTRICT ADMINISTRATION-PERSONNEL

**matc**

Milwaukee Area Technical College

**POLICY**

Title: DISTRICT ADMINISTRATION - PERSONNEL	Code: A0202-3
Authority: Board Minutes, 12/13/72	Original Adoption: 12/13/72
	Revised/Reviewed:
	Effective: 12/14/72

All personnel policies and procedures within the MATC district shall be administered, supervised, and coordinated by the president.

## EXHIBIT 12: COMMUNICATIONS WITH THE BOARD

- Bills—monthly
- Financial Reports—monthly
- Human Resources Report—monthly
- Procurement Report—monthly
- MEC Report—monthly
- Grants Report—monthly
- Legislative Update—monthly
- Advisory Committee Report—monthly
- Faculty Credentials Report—monthly
- Affirmative Action—quarterly and annual
- Consultant Contracts Report—quarterly
- Out-of-Country Travel Report—quarterly
- Office of Corporate Learning (38.14) Contracting Report—quarterly
- Remission of Out-of-State Tuition Report—semester
- Graduation Report—annual
- Student Satisfaction Report—annual
- Employer Satisfaction Report—annual
- Financial Statement Audit Report—annual
- Single Audit Report—annual
- Procurement Participation Report—annual
- Actuarial Valuation of Post-Employment Benefits—annual
- Tax Increment District(TID) Creation/Modification Reports
- Cohort Default Rate—annual
- College Parallel and Postsecondary/Vocational Adult Tuition and Online Education Fees—annual
- Educational Program Quality Reviews—monthly
- Educational Program Suspension/Discontinuance—annual

**WTCS State Board Meeting  
March 30, 2004**

**Minutes of Agenda Item C  
Status Report on Milwaukee Area Technical College Response  
to Legislative Audit Bureau Report 03-4  
*An Evaluation: Milwaukee Area Technical College District***

State Board President Nino Amato:

Refreshed the Board on follow-up action on the LAB audit of MATC to date, including the District Board presentation before the Board in November 2003. Asked System Vice President Dan Clancy to give background and information on the status of the Board's review process. Noted the Board had a series of questions last time and that this meeting was a follow-up. Noted that the Board was pretty close to closure, but there may be some more follow up questions today.

System Vice-President Dan Clancy:

Noted that the Board received a progress report from MATC regarding their response to the LAB Audit Recommendations at the November 2003 Board meeting. There was extensive discussion at that time and Board members asked a series of questions and made requests for additional information. MATC responded on January 9, 2004. Noted that a copy of that response was in the Board's agenda materials along with a second report dated March 23rd, 2004. That report provides an update on what the college has done since November, 2003 and also responds to some specific questions that System Office staff had of MATC based on their January 9th report. Mr. Clancy then said that MATC President Dr. Darnell Cole and District Board Chair Mark Maierle would present their report and respond to any questions from Board members.

Dr. Cole:

Introduced MATC District Board Chair Mark Maierle and stated that he wanted to make sure that the State Board understands that MATC's response to the LAB audit is a team response that includes individuals from the MATC community. Introduced MATC Vice President, Richard Kettner, who would update the State Board on MATC's contract training efforts.

Richard Kettner:

MATC has developed a decision matrix for contract pricing that should address most of the questions State Board members had about MATC pricing and cost recovery policies. MATC relies on an advisory committee to help the Corporate Learning Group (CLG) set prices. The advisory committee is referred to as the CLG's board of directors. The advisory group will review the matrix and help the CLG refine it with a recommended matrix finalized by the end of June. The CLG hopes to receive MATC District Board approval for the matrix at the July meeting.

State Board Member Peggy Rosenzweig:

Asked that MATC's comments be put in context of their relationship to the concern raised by LAB.

Dr. Cole:

This is the second status report of activities addressing those concerns. Offered to provide a copy of the initial concerns.

State Board President Amato:

Noted that many of the questions addressed today were raised as follow-up to the MATC presentation at the November 2003 State Board meeting. The pricing matrix was developed in response to questions about how MATC made contract training pricing decisions. Stated that some history on each issue would be valuable for everyone, particularly the new State Board members. Noted that LAB Audit Director Kate Wade was present.

Mr. Kettner:

Noted that the pricing matrix is a work in progress. It was a way for MATC to use a consistent pricing process. In the left column are the types of profit and non-profit organizations with which MATC contracts. The middle column lists the criteria for determining whether a particular organization should be considered for exception or discount pricing. For example, an organization could be considered for exception pricing if it is identified and recommended as a new business by a local economic development agency. The last column lists the exception prices.

State Board Member Phil Neuenfeldt:

Asked if the matrix addresses the issue of inconsistency of pricing between districts and if that was an issue of concern to LAB.

Mr. Kettner:

The College surveyed four other technical colleges (Lakeshore, Waukesha, Madison and Gateway) about their pricing strategy and used that information to establish its pricing structure.

State Board Member Neuenfeldt:

Noted that the MATC pricing matrix does not standardize pricing from college to college. Stated that he thought there was a concern about variation in pricing between districts.

State Board President Amato:

Stated that LAB compared MATC's pricing policies to other districts, but did not recommend that all the districts charge the same prices. Asked for the membership of the CLG's Advisory Committee and a description of their role.

Mr. Kettner:

The group was originally set up as an ad hoc committee made up of individuals from outside MATC who were in sales. The College wanted to improve its sales capacity. The group serves the same purpose as all of the College's other advisory committees, but yet distinct because the committee does not have a career or program focus; it has a product sales focus.

State Board President Amato:

Asked how large is the committee and what is its membership.

Mr. Kettner:

The committee has five members. One member is Hispanic. The College is looking for two more members with expertise in health care and transportation organizations.

State Board President Amato:

Asked if would be the same group that decides to award exception pricing.

Mr. Kettner:

The advisory group will make a recommendation to the MATC Board, which would make the final decision.

State Board President Amato:

Asked for the timetable for MATC Board to approve the pricing matrix.

Mr. Kettner:

It goes to the Advisory Committee tomorrow. Their recommendation will go to the MATC Board for approval in July or August.

Dr. Cole:

Made some brief comments regarding the auxiliary services and then stated that Dan Ryan, Director of Auxiliary Services and Todd Poppe, Vice President of Finance would respond to some of the questions.

Noted that in the College's 2004-05 budget, no tax levy will be used to support auxiliary services, however, some profit from the bookstore will be used to address deficits in child care as well as food service. It has generally been the case that MATC's bookstore has been a profit maker and child care and food service have not, so MATC has used bookstore profits to ensure net revenue from all auxiliary services. MATC is putting in place a model that, hopefully, will enable the College to reduce the projected food service deficit by about 50% by the end of 2004-05. The new food court is an example of recent changes that the College hopes will generate additional food service revenues.

MATC's child care center continues to be an extremely important service to its students but it is not breaking even. The College is reviewing enrollments among community children versus children of students to determine the best way to get as close to a profit as possible and eliminate the deficit. Again, the child care center deficit will have to be overcome by some of the dollars that come from the bookstore.

State Board Member Allan Kehl:

Asked if the College is supplementing the child care center.

Vice President Todd Poppe:

Yes, there is continuing tax levy support that goes to those facilities in the area of approximately one million dollars annually. However, the amount of the subsidy should decline in the future. MATC is working on a three-year plan that will ultimately be taken to the MATC Board as part of the overall budget development approval process during the April-June timeframe. It is a three-year plan for FYs 2004-05, 2005-06 and 2006-07 covering the day care center, food services, the bookstore and the two Milwaukee Enterprise Centers.

State Board Member Kehl:

Congratulated MATC on the creativity to tie-in those three services to offset the expense.

Mr. Poppe:

Noted that MATC's child care facilities are used for academic programs. MATC students get hands on experience working with children in a center setting, which makes them better prepared when they enter the workforce.

State Board Member Mary Cuene:

Asked for a ballpark figure on how many children are served in the child care centers.

Mr. Poppe:

Using a 50 hour per week base to equal a full-time equivalent (FTE), it is about 120 FTEs annually. Many of MATC's services are designed around providing services to students and drop-ins, not the parent that is there from 8:00 in the morning until 5:30 in the evening. The Center has a nice balance between student children and community children that provides a very rich learning environment. At the West Allis campus, MATC has a partnership with the community. As a condition of construction, approximately 20% of the children have to be from the community.

State Board Member Kehl:

Asked if the College has used the W-2 program as a funding resource.

Mr. Poppe:

When W-2 was implemented several years ago in the Milwaukee community, there was a devastating impact on MATC student enrollments as these students now had to go out into the workforce and at the same time also had to find child care, which was at a premium. It was at that same time that MATC started up its child care programs and served as a real model for how child care should be provided. Some MATC students receive benefits under W-2; some do not receive benefits, but the College is really trying to make the child care services available to everyone in the community.

State Board Member Kehl:

Noted that there are some funding sources through workforce development programs for child care services and hoped that the College would look at opportunities to access those funds.

Mr. Poppe:

There are students that receive financial aid and do not pay the full fee for child care services out of pocket. The College is taking full advantage of every opportunity out there, whether it is a granting agency or some time of a scholarship program.

State Board Member Kehl:

Noted that all the technical colleges must work hard to support their child care services. Also noted that given the displaced worker scenario in manufacturing and what is occurring, at least in Southeast Wisconsin, the technical college students who are working to retrain often need help with child care. Helping those students return to the workforce benefits all of us.

State Board Member Brent Smith:

Asked if the College was still running a deficit in Auxiliary Services.

Dr. Cole:

Of the three auxiliary services, the bookstore makes a profit, and some of that profit goes to covering deficits in child care and food services. In addition, MATC has approximately \$400,000 in bookstore profits that can be used to support other activities. The College anticipates that the food service deficit will be reduced by 50% over the next year.

State Board Member Kehl:

Commended MATC for its efforts.

State Board President Amato:

Asked if the plan for food services self sufficiency was in effect or had been approved by the MATC Board.

Dr. Cole:

The College is still working on the plan.

State Board President Amato:

Asked for the timeframe for approval.

Dr. Cole:

The timeline is to bring it to the MATC Board this summer as part of the 2004-05 budget.

State Board President Amato:

Regarding the child care center, asked if 120 FTEs is the center capacity, or can MATC actually take more clients.

Dr. Cole:

The 120 FTEs is not full capacity.

State Board President Amato:

Asked if the deficit increases if the number of FTEs at the child care centers increases.

Mr. Poppe:

An FTE in the child care center requires tax support of about \$22,000 annually. The way the centers operate, they are not able to break even with the class sizes that are prescribed by State guidelines. The Centers attempt to maximize the use of each open room. For example, if there is a maximum class size of four, the Center makes sure that there is four students in the room and not 3 in one room and 3 in another and 3 in another. There are continuously people transferring in and out, but increasing the number of sections and slots available would actually increase the amount of the deficit or the support that is required.

Dr. Cole:

Noted again that MATC's child care centers are used as a laboratory for academic programs. If the College did not have this facility, the College would have other costs associated with creating off-campus worksite training such as insurance costs and the College would have to devote more resources to ensuring the quality of those worksite experiences. As a result, despite the deficit, the child care centers provide many advantages for MATC's academic programs that the College believes far outweigh the deficit. The College will continue to work to reduce the deficit and will continue to provide this service for its students.

State Board Member Kehl:

Asked if the State Board has set a timetable for closure of the audit follow-up.

State Board President Amato:

Responded that, from the standpoint of the process used (first the LAB report, then MATC's response in November, followed by this session), the State Board has met its responsibility to monitor MATC's efforts to respond to the LAB recommendations. Suggested that after today, other than a couple of open ended questions that may be routed back to staff, the State Board will

conclude its review. The benchmark or standards used to evaluate MATC were established in the LAB report. Stated that the State Board's review was a positive response to concerns that it is the State Board's responsibility to monitor and track district board activity.

State Board Member Kehl:

Stated that the State Board has met its responsibilities.

State Board President Amato:

Stated that the State Board has met its fiduciary responsibility to follow-up with MATC. Stated that the Board must empower the District presidents and their Boards to manage the colleges.

State Board Member Rosenzweig:

Stated that it was her recollection that the audit was requested by several legislators and those legislators are interested in how the State Board responds to the audit recommendations. To the degree that MATC has responded, and it appears that the College has responded in a thorough fashion, and to the degree by which that thoroughness was prompted by the State Board's questions, the State Board's review has been positive -- in terms of the Board's position as a proactive entity and in terms of the College's ability to move forward on the audit recommendations. Stated that this result will have long-term benefits for the System.

State Board President Amato:

Noted that this review has been a very transparent process, on the LAB's part and during MATC's response. Noted that the process included several discussions between System and MATC staff.

State Board Member Kehl:

Stated that the audit and follow-up review have made the WTCS better. Thanked MATC for their diligence and the time and effort put into the audit process and in their response to the audit recommendations.

Dr. Cole:

Stated that in regard to the Milwaukee Enterprise Center, the College is establishing guidelines to graduate businesses. Reduced rents will be offered to new tenants, and then gradually increased over a five year period. The College is also establishing a process for tracking the number of jobs generated by each MEC tenant. The College hopes to have the guidelines and job tracking system approved by the MATC Board by the end of June.

State Board President Amato:

Asked for the current rental percentage of the MEC Incubator.

Mr. Poppe:

Approximately mid-80%. A couple of large tenants have recently left. The MEC is working with a number of smaller tenants to refill that space.

State Board President Amato:

Asked for the rent price per square foot.



Mr. Poppe: Rental prices vary per square foot depending on the nature of the space. Warehouse space would be at the low end in the \$3.50/sq ft range. Fully finished office space would be in the \$6.00 to \$7.00/sq ft range.

State Board President Amato:

Stated that the experience of the Madison Genesis Enterprise Center has shown that encouraging businesses to "graduate" from the incubator does cause problems for the incubator because graduations result in lower rental rates and lower revenues. Business incubators are always faced with the challenge of encouraging businesses to move out on their own and trying to find new start-up businesses to take the place of graduating businesses.

Dr. Cole:

The South MEC has an excellent partnership with the Hispanic Chamber of Commerce, which helps keep the South MEC at full capacity. The Chamber is very helpful in bringing new businesses into the incubator. Thanked the Board for coming to the campus. Reiterated the College's continued commitment to address the issues raised in the LAB audit.

MATC District Board Chair Mark Maierle:

Thanked the Board for the opportunity to address the LAB's concern about relationship between the District Board and the College President. Stated that the MATC District Board employs the president to run the college, to structure the college, and to employ college staff. Stated that the current District Board does not have a concern in this area and is in agreement that the president has full authority in hiring and personnel matters.

Added that the District Board has the opportunity to review the president's human resources report at its monthly meetings. The report includes any new hires or promotions, terminations, and resignations that have taken place in the previous month. The human resources report comes to the District Board for approval just like many other items. The District Board has the ability and authority to raise questions, to ask the president and staff for further information, and to pull an item out of a report or to express concern over a certain hire. Stated that the District Board believes it is the president's responsibility to manage the day-to-day operations of the college, but it is the District Board's role to oversee that management by raising questions, providing feedback, and requiring the administration's decisions to be vetted and approved by the District Board.

Concluded that the District Board is going to review its relationship with the college administration and the policies and procedures it has in place governing this relationship. The LAB report has provided the college with an opportunity to review its practices to determine if improvements can be made.

State Board President Amato:

Expressed satisfaction with the State Board's review of MATC's efforts to respond to the LAB audit recommendations. Stated that System and District staff should complete the process, including informing the Legislature about the Board's activities. Stated that he saw no need for a third follow-up report to the State Board.

**It was moved by State Board Member Kehl, seconded by State Board Member Smith, that the due diligence process review of MATC's progress has been completed; thanked MATC for its exemplary compliance with the audit recommendations and**

declared that a determination would be made within six to twelve months if any additional review is necessary.

State Board President Amato:

Called for vote on proposed motion.

**Motion carried unanimously.**

Mr. Clancy:

Noted that the System staff has been in communication with the audit committee and Senator Darling, who was the requester of the audit, and that staff would provide a summary of this meeting and this discussion including the State Board's motion.

State Board President Amato:

Noted that the Board had invited legislators who had expressed interest in the audit to attend this meeting, but they could not make it. Asked Mr. Clancy to follow up with the Audit committee.

State Board Member Neuenfeldt:

Asked that the summary memo include the result of all these reports and discussions.