

2003 Joint Committee on Audit

MATC

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Asbjornson, Karen

From: Bilot, Erin
Sent: Monday, February 24, 2003 12:21 PM
To: Asbjornson, Karen
Subject: FW: Joint Committee on Audit Request for Consideration -- Madison Area Technical College (MATC)

-----Original Message-----

From: Rep.Powers
Sent: Monday, February 17, 2003 12:48 PM
To: Rep.Jeskewitz; Sen.Roessler
Subject: Joint Committee on Audit Request for Consideration -- Madison Area Technical College (MATC)

17 February 2003

Representative Jeskewitz
Senator Roessler
Joint Committee on Audit
Wisconsin State Capitol
Madison, WI 53708

Dear Representative Jeskewitz and Senator Roessler,

I am sending you this message to request that, as the Joint Chairs of the Legislative Audit Committee, you consider an evaluation of expenditures related to the Presidents Office of MATC. The area which I represent is in part served by the Madison Area Technical College (MATC).

I have attached an article from the Wisconsin State Journal (February 14, 2003) that serves to confirm the worst believed by many people regarding the discretionary use of tuition and taxpayer funds. While others struggle to adjust their budgets, the people I represent continue to read of astronomical salary increases and of those in key leadership positions stretching the personal benefits of their positions to the limit, all using taxpayer money or student tuition.

I am certain that, like me, you can well imagine the outrage of parents, students and those in business who are forced to pay for such activity while they themselves are faced with the struggle of our current economy who read of a person, support by taxpayer money and tuition, earning \$200,000 per year, having a paid "sabbatical" for two months in Spain. Contrast this self serving proposal with those who are paying taxes and tuition that fear the loss of their job or whom struggle with the rising cost of health care.

Imagine the outrage of the senior citizens who are paying their property taxes to MATC and who's lifetime of work paid into Social Security is only enough to pay for the rising cost of prescription drugs. Imagine their reaction when they find out that MATC approved \$3,000 in tuition, \$1,000 in air fare, and \$35,000 in salary for the President of MATC to learn Spanish in Spain!

Those I represent are wondering the same thing that I am. If an administration would grant themselves this type of "sabbatical" during a time of budgetary shortfall, what else would one find, if they had time to look? I believe it is time to "look" and see what else may be found.

I hope that the Joint Audit Committee will do so, and in a manner that will allow ourselves as policy and lawmakers to adjust state expenditures accordingly. It would appear that, at this time, it is critical that we focus on the mission of MATC, our commitment to the students and to make certain that this commitment is realized by those who would pay tuition and taxes.

Thank you for your consideration.

Sincerely,

Mike Powers
State Representative
80th Assembly District

MATC Funds Simone's Spain Trip President To Learn Spanish On Sabbatical

Wisconsin State Journal :: LOCAL/WISCONSIN :: B1

Friday, February 14, 2003

Karen Rivedal Higher education reporter

Madison Area Technical College President Beverly Simone is away learning Spanish - in Spain - on an all-expenses-paid trip funded by the technical college.

MATC's board of directors learned of Simone's trip just this week and retroactively approved the spending at a meeting Wednesday night. A 1992 board policy requires the board to sign off on all foreign travel in advance, board chairman James Cavanaugh said, but the board was unaware of the policy.

One board member, John Ashley, voted against the trip, as well as other foreign travel taken by MATC faculty and one board member in the past few years that was included in the retroactive measure.

"This was something that fell through the cracks," Cavanaugh said. "Maybe there was a staff member who used to work here who was supposed to inform the board."

Costs paid by MATC to date for Simone's sabbatical are \$3,025 to the Malaca Instituto in Malago, Spain, for registration, meals and lodging, plus \$980 for airfare. Additional travel expenses could be submitted upon Simone's return, said Janet Kelly, director of institutional marketing at MATC.

District costs associated with Simone's salary, also paid during the sabbatical, which runs from Jan. 1 to Feb. 25, were \$28,388 and \$6,866 for fringe benefits.

While Simone has been gone, Provost Rose Ann Findlen has been in charge.

"Dr. Simone believes it extremely important for her to gain basic Spanish language skills for both practical and symbolic reasons," Kelly said, noting one of Simone's "annual goals" reported to the MATC Board this year was to learn Spanish. "She wants to be able to better communicate with new immigrants and the growing number of Hispanic students at our college."

MATC student Nathan Comp, editor of the college's biweekly newspaper, the Clarion, said most people on campus weren't surprised by the president's trip.

Comp said there have been controversies, including an expensive leather couch for Simone's office, plus a 17 percent raise that Simone received in 2001. Simone's roughly \$200,000 salary isn't unusual for a college of

MATC's size, but some eyebrows were raised because the increase came at the same time the state was experiencing budget problems, Comp said.

Simone took a beginning Spanish class at MATC last semester, Kelly said. Her sabbatical this semester at the institute features an immersion course in Spanish with the opportunity to improve her skills by communicating with native speakers on a daily basis.

Cavanaugh noted that internal controls exist in various departments to keep overseas travel in check, with or without formal board approval. But he acknowledged that the president's office was a special case, requiring board oversight.

"I think that's why the whole thing came up right now," Cavanaugh said. "The president reports to us."

Cavanaugh also said he and the board vice president knew about Simone's trip ahead of time, and thought the full board had been notified. It appeared on Wednesday night that some members did not know, Cavanaugh said.

"We set up a procedure (at the meeting) so that we do vote on this travel, as part of our consent agenda, before the trip occurs," Cavanaugh said. "Just so we're in compliance with our own policy."

Cavanaugh also noted that Simone, who has been president since the mid-1980s, is guaranteed one sabbatical every four years in her current contract. That provision was added to her contract in the mid-1990s.

"We thought it was a good idea that she do some kind of immersion, whether it be in Central America or Spain or wherever," Cavanaugh said about Simone's latest sabbatical. "The faculty (at MATC) that teach Spanish actually recommended this particular program. This was seen as the best way to do it, if you're going to learn a language quickly."

Ashley was out of town Thursday and could not be reached for comment. Cavanaugh said Ashley voted against the measure because he was uncomfortable not knowing what the final bill for Simone's trip would be.

MAR 17 2003



March 10, 2003

Mr. Jonathan Barry, President
Wisconsin Technical College System Board
310 Price Place
Madison, WI 53707-7874

Dear Mr. Barry:

On February 25, 2003, the Milwaukee Area Technical College District Board took a vote in open session concerning the controversy surrounding the work done by an MATC carpenter at the home of Dr. Darnell Cole. The controversy came to the attention of the public through articles that appeared in the Milwaukee Journal Sentinel.

The vote in open session came about as a result of four District Board members who requested a special District Board meeting to discuss the issue. The four District Board members felt an independent investigation needed to take place concerning the controversy for at least two reasons:

1. An investigation by the regular outside legal counsel retained by MATC has the appearance of not being independent. Regular retained outside legal counsel reports to the President of the College and the Chair of the District Board and this relationship gave some of us an appearance of a conflict of interest. An independent investigation would be conducted by someone not associated with the Chair of the District Board nor the President of the College. The independent investigator should also be appointed by someone who is independent from the President of the College. The appointment of the investigator by the Chair of the District Board also gives the appearance of a conflict of interest.
2. The Chair of the District Board did not have the authority on her own to investigate the President of MATC. MATC District Board policies do not specify the appointment of an investigator and the conducting of an investigation as a part of her duties and/or responsibilities of the District Board Chair. The credibility of the investigation appears to be in question because of the arbitrary action of the District Board Chair in the conducting of the investigation. The District Board found out about the investigation after it had been directed and was or had been conducted.

I made a motion on February 25, 2003, in open session, to conduct an independent investigation into the Dr. Darnell Cole carpenter controversy based upon the newspaper articles in the Milwaukee Journal Sentinel. The motion failed on a 4-yes and 4-no vote.

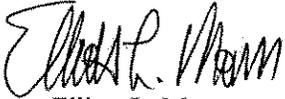
It is significant for the Wisconsin Technical College System Board to know that four MATC District Board members felt an independent investigation should take place concerning this controversy. I made the mentioned motion because I do not know what took place in this controversy and the MATC District Board has the obligation to provide independent oversight concerning the college. The appointment of an

investigator who has the appearance of a conflict of interest, by the District Board Chair, without consulting with the District Board, would seem to be an inappropriate action.

The credibility of MATC is certainly not helped by this failure to provide oversight by the MATC District Board. It would seem appropriate that the WTCS Board would look into this matter so the concerns of four District Board members are given appropriate consideration.

Thank you for your attention to this matter.

Sincerely,



Elliott L. Moeser
Member of MATC District Board
and District Administrator
Nicolet High School District

ELM:fh

copy: Senator Darling
Senator Ellis
Senator Moore
✓ Senator Roessler
Representative Gielow
Representative Jeskewitz
Representative Wasserman
Representative Williams
State Supt. Burmaster
Governor Doyle
Dr. Carpenter
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Nancy Mommsen
A. Paul Pedersen
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WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

For Immediate Release

March 11, 2003

For More Information Contact:

Senator Carol Roessler
Representative Suzanne Jeskewitz

(608) 266-5300
(608) 266-3796

**Milwaukee Area Technical College Audit Highlights Both Successes
and Areas for Improvement**

(Madison) An audit on the Milwaukee Area Technical College District (MATC) released today emphasizes areas that the college has improved upon as well as areas that still need focus. Joint Legislative Audit Committee Co-chairs Senator Carol Roessler (R- Oshkosh) and Suzanne Jeskewitz (R-Menomonee Falls) commended the audit committee for a thorough, comprehensive audit of the college. "MATC is the largest of Wisconsin's technical colleges. Its size as well as its location in the largest urban area of the state make this audit particularly valuable," explained Jeskewitz.

The school's financial situation was one area of concern that prompted the request of the audit. When the audit was requested in December 2001, the college's bond rating by Moody's Investors was assigned a negative outlook. One of the reasons for this negative outlook was a projected \$3.5 million general fund deficit, largely driven by renegotiated contractual salary costs. "MATC could not generate additional funds through property taxes, therefore Moody's was concerned with their ability to balance their budget," reasoned Roessler. By December 2002, the college had not only erased the deficit, but generated a small surplus and the negative outlook was erased. Roessler continued, "MATC defied the ratings and proved that they could handle the tough financial situation they faced." All of Wisconsin's technical colleges rank in the higher A levels of Moody's Debt Ratings, and MATC ranks in the middle.

It is impossible to look at the college's financial picture without considering staff salaries and benefits. While negotiating contracts with the employee's union, MATC agreed to changes in the health benefits and further agreed not to renegotiate the health benefit package until 2007 unless both sides agreed. "With health care costs continually increasing, MATC may have blindly agreed to unmanageable cost increases," stated Roessler.

MATC offers its technical expertise to local businesses through training contracts. Businesses can contract with MATC to provide its employees with training applicable to their job such as job appropriate computer skills or updates on new procedures. However, despite a policy requiring it, the college has not set the costs of these training contracts at a level to recoup the costs associated with providing the services. "There is a wealth of knowledge at MATC and the use of this knowledge for the betterment of the community and community businesses is a win-win for everyone," stated Jeskewitz. "Still, the college can not continue to provide these services at a financial loss. This compromises the services provided to the students and increases the burden on the local taxpayer."

A hearing in front of the full audit committee on the MATC audit has not yet been scheduled.

###

SENATOR ROESSLER
P.O. Box 7882 • Madison, WI 53707-7882
(608) 266-5300 • Fax (608) 266-0423

REPRESENTATIVE JESKEWITZ
P.O. Box 8952 • Madison, WI 53708-8952
(608) 266-3796 • Fax (608) 282-3624

Asbjornson, Karen

From: Muziksr@aol.com

Sent: Wednesday, March 12, 2003 10:30 PM

To: Karen.Asbjornson@legis.state.wi.us

Subject: Re: audit of UW

Hi Karen.

Please keep me informed about the progress of the audit of the UW System.

The audit of MATC was of great interest to me particularly in three areas: health insurance and the 2007 date; MATC salaries are much better than the UW which explains some of the shift of lower paid faculty and instructional academic staff from the University to the tech colleges; and the treatment of the Board. UW Regents, though manipulated at times, are much more aggressive in asserting their powers. Perhaps the difference is in the statutes.

Thanks,

Ed

For Immediate Release

For Further Information
Contact Senator Alberta Darling

March 12, 2003
1-800-863-1113

DARLING SAYS MATC AUDIT CONFIRMS CRITICISMS, INDICATES IMPROVEMENTS

MADISON . . . The just released audit of the Milwaukee Area Technical College (MATC) shows some improvements have been made in the financial and administrative decision-making areas, but that more needs to be done to make sure the college best serves the students and community, according to state Senator Alberta Darling (R-River Hills).

“In the year since I requested this audit, MATC has improved its bond rating and has balanced its budget. Those are the immediate positives I’ve seen,” said Darling. “These improvements will aid MATC as it continues to be a major catalyst in the overall economic development of the city and the area.”

The Legislative Audit Bureau’s report, released today, revealed an apparent lack of assistance and aid given by administration to the non-paid, part-time Board of Directors. Past criticisms involved the Board as a whole not receiving adequate notice, information and preparation time for policy-making and budget decisions. Audit recommendations also include seeking guidance to ensure conformity with closed session laws and compliance with the existing policy on the length of new employee probationary periods.

“I was concerned to see the audit reveal a troublesome operational relationship between the Board and management,” said Darling. “The audit also confirmed the college decided salaries and health care packages should be separated items of negotiations. It seems raises were given with misguided assumptions about the rise in health care costs.”

The audit also revealed that MATC spent \$1.4 million in property tax dollars last school year on enterprise activities (bookstore, child care, food service). Also, although it’s the largest of Wisconsin’s technical colleges, 65% of MATC instructors earn more than \$76,000 annually, and 12% earn more than \$100,000.

“It’s refreshing to know MATC’s leadership was cooperative during the process, agrees with the audit recommendations and has indicated a desire to continue working to address the concerns cited in the audit,” said Darling, “I look forward to further accountability by the college as they continue to provide the most cost efficient and effective services to students and the community.”

Darling will immediately request the Joint Legislative Audit Committee schedule a public hearing on the audit so that all concerned parties can comment on the findings.

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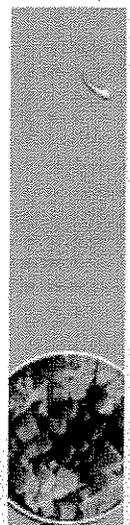
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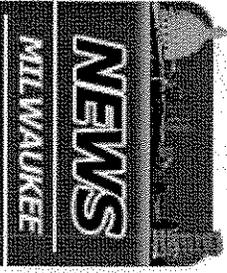
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MATC board upholds firing of a top administrator

From the Journal Sentinel

Last Updated: March 13, 2003

The Milwaukee Area Technical College board backed school President Darnell Cole on a narrow vote Wednesday night and fired a top administrator accused of threatening a subordinate.

Cole dismissed Vice President Lester Ingram in January over his conduct in investigating home improvements Cole had done by an MATC carpenter.

In appealing the termination, Ingram portrayed himself as a whistleblower intent on protecting the college from wrongdoing by the president.

Through attorneys for the college, Cole alleged Ingram was out to undermine him as president and threatened and intimidated a subordinate, Richard Dries, to provide misleading statements and bring about the president's ouster over the home improvements.

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On a 5-4 vote, the board upheld the firing. Board members Peter Earle, Mark Maierle, Lauren Baker, Carl Gobel and Jeanette Bell backed Ingram's dismissal; Mae Killebrew, Julian Jasper, Sheila Cochran and Elliott Moeser voted against it.

It is likely the dispute will now move to the courts.

"It's more a question of whether we'll pursue it in circuit court or in federal court at this point," said Robert Haney, a labor lawyer who represents Ingram.

Cole acknowledged that he hired the carpenter, Jim Czarnik, to do various projects on a house he bought in Franklin. Czarnik reported that he worked only on his own time and did not use any tools or supplies from the college.

A version of this story appeared in the Milwaukee Journal Sentinel on March 13, 2003.

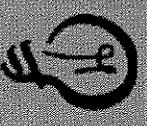
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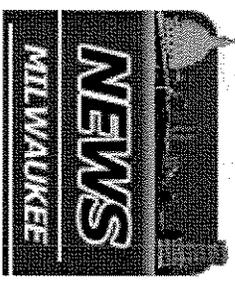
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Audit of MATC identifies 2 areas losing money

School to decide what to do with business incubators

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By TOM HELD
theld@journal sentinel.com

Last Updated: March 13, 2003

Editorials
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Milwaukee Area Technical College has lost an average of \$468,000 per year providing specialized training to local businesses, a state audit report disclosed.

Letter to Editor
Weather
Ap The Wire

The college also lost roughly \$257,000 over the past five fiscal years on the two business development centers that it operates, according to the report from the Legislative Audit Bureau.

Special Features:



School officials have been looking at both operations and said the audit findings would be useful as they decide whether to charge local businesses more for the specialized training and whether the college should continue to operate the business incubators.



Archived Features:



But Todd Poppe, MATC's vice president of finance, disputed the audit bureau's calculations and said the special training services actually generated enough revenue to cover all the college's costs.

The bottom-line dollars-and-cents view of the audit bureau also fails to consider benefits the training provides to local businesses and the local economy, Poppe said.

Through the specialized training contracts, MATC provides classes to workers in local industries, governments and non-profit agencies. Instruction covers anything from computer skills to automobile mechanic certification.

According to the audit bureau, the businesses, including Harley-Davidson Inc., Ladish Co., General Motors Corp. and Ford Motor Co., do not pay the full cost of MATC's services.

Poppe said the training helps to keep and create jobs in the area and has not been considered a profit-making venture.

"We have to be sensitive to the economic challenges many of our business partners are facing when pricing these contracts," Poppe said. "I believe we are an economic catalyst for businesses."

Overall, the state audit found MATC in sound fiscal shape. But it raised questions about its future health care spending, salaries for teachers and administrators, and the amount spent on consultant contracts.

The report credits MATC managers for eliminating a \$3.5 million budget deficit that had been projected in its 2001-'02 fiscal year and for reversing the course on its bond rating, which was downgraded in late 2001. The rating was restored by Moody's Investor Service to Aa2 in December.

The projected deficit, the knock on the school's bond rating and questions about health care benefits and salaries prompted state Sen.

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Alberta Darling (R-River Hills) to request the audit bureau review about one year ago. At the time, Darling and others also questioned some policy decisions by MATC President Darnell Cole, who replaced John Birkholz in July 2001.

"We're grateful for this thorough review," Cole said Wednesday. "It acknowledges our progress on budget management, debt rating and health care, while taking a fresh look at some ongoing issues."

The audit highlights some of the fiscal management questions that Darling and others raised.

It found that MATC had hired a number of top administrators at salaries above the market rate, specifying as examples the vice president/general counsel, \$125,000 per year, and the vice president for student services, \$119,000 per year. It also noted the \$119,000 salary of the vice president for college advancement.

Teacher salaries at MATC also are in the top tier of salaries compared with wages at other selected technical colleges in the state, according to the audit. The maximum teacher salary at MATC is \$78,271, and roughly 64% of the 600 full-time teachers earned more than that by taking on additional work, the report says.

In its collective bargaining contracts, MATC has awarded 4% raises to teachers in every year since the 1997-'98 fiscal year.

Lauren Baker, president of the MATC Board of Directors, said the salaries reflect the market, given the college's position as the largest technical college in the state and its location in an urban area.

"We do pay our instructors more," Baker said. "We have to pay higher salaries to compete."

Darling said the audit shows that some progress has been made at the school, but the administration and the board need to make improvements. A public hearing on the audit will be scheduled at a

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later date.

A version of this story appeared in the Milwaukee Journal Sentinel on March 13, 2003.

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WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

March 18, 2003

Senator Alberta Darling
Room 317 East, State Capitol
Madison, WI 53708

Dear Senator Darling;

We received the request that you recently submitted to the Joint Audit Committee. This letter serves as confirmation of that request.

Each request submitted receives serious consideration. We, as co-chairs of the committee, will soon be scheduling future Joint Audit Committee hearings. As you commented, the hearing schedule for April 1st has already been confirmed. However, we will keep your request under consideration for a future hearing.

Thank you again for your request and we will be in touch soon.

Sincerely,

Senator Carol Roessler
Co-chairperson
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz
Co-chairperson
Joint Legislative Audit Committee

Alberta Darling
Wisconsin State Senator
Co-Chair, Joint Committee on Finance

MAR 18 2003

March 14, 2003

Honorable Senator Carol Roessler
Co-Chair, Joint Legislative Audit Committee
8-South, State Capitol

Honorable Representative Suzanne Jeskewitz
Co-Chair, Joint Legislative Audit Committee
314 – North, State Capitol

Dear Chairwomen:

I would like to officially request the Joint Legislative Audit Committee hold a public hearing on the recently released audit of the Milwaukee Area Technical College (MATC).

As you know, the audit findings reveal details that deserve further comment and analysis by those affected and involved. I'm confident a public hearing would allow for a forum where questions can be answered and opinions can be offered. I believe the audit confirmed many of the criticisms that had been leveled against MATC's Board of Directors and Administration. However, it's important to note the audit also indicated that some positive financial and managerial changes have been made over the past year. All of these revelations, both good and bad, deserve to be rebuked or confirmed.

I also realize you have already placed other audits on your April 1st calendar, and may be unable to include the MATC audit because of time restraints. If that is the case, I respectfully request you place the audit on your next public hearing calendar at your earliest convenience.

Sincerely,



ALBERTA DARLING
State Senator

cc. Darnell Cole, President, MATC
Lauren Baker, Chair, MATC Board
Dr, Richard Carpenter, President, WTCS
Jan Mueller, State Auditor

MAY 02 2003



April 28, 2003

Ms. Janice Mueller, State Auditor
Legislative Audit Bureau
22 East Mifflin Street Suite 500
Madison, WI 53703

Dear Ms. Mueller:

I would like to congratulate the Legislative Audit Bureau on an outstanding audit of the Milwaukee Area Technical College. I was impressed with the positive recommendations made in the audit as a result of the study conducted by the Legislative Audit Bureau.

The MATC audit was also impressive because the review was an effort to provide a positive map to improving operations at the Milwaukee Area Technical College. The recommendations and comments provided by the LAB are a tremendous tool for bringing reform to the Milwaukee Area Technical College.

As a long-time member of the District Board of MATC, I would like all eight recommendations and findings of the audit pursued in good faith. The Legislative Audit Bureau has provided an impartial analysis in providing eight recommendations that should be taken seriously. It is hoped that public relations efforts at MATC do not attempt to put "spin" on the LAB recommendations in an effort to limit reform at the college.

Thank you on a job well done.

Sincerely,

Elliott L. Moeser, Ph.D.
District Administrator
Nicolet High School District
Member, Milwaukee Area Technical college District Board

ELM:fh

copy:	Sheila Cochran	Mae Killebrew	A. Paul Pedersen
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	Representative Kerkman	Representative Pocan	Representative Wasserman
	Representative Williams		

Asbjornson, Karen

From: Pedersen Associates, Ltd. [PedersenAssoc@worldnet.att.net]
Sent: Monday, May 12, 2003 8:33 AM
To: sen.roessler@legis.state.wi.us; rep.kerkman@legis.state.wi.us; sen.cowles@legis.state.wi.us; sen.darling@legis.state.wi.us; rep.kaufert@legis.state.wi.us; sen.george@legis.state.wi.us; rep.cullen@legis.state.wi.us; sen.hansen@legis.state.wi.us; rep.pocan@legis.state.wi.us
Cc: Leg.Audit.Info@legis.state.wi.us; Kellie.Monroe@legis.state.wi.us; katie.chandler@legis.state.wi.us; melissa.gilbert@legis.state.wi.us; cynthia.boleyn@legis.state.wi.us; roger.frings@legis.state.wi.us; jennifer.halbur@legis.state.wi.us; andrew.gustafson@legis.state.wi.us; rebecca.hogan@legis.state.wi.us; matt.krueger@legis.state.wi.us; tom.oday@legis.state.wi.us; tom.petri@legis.state.wi.us; jessica.tormey@legis.state.wi.us; david.volz@legis.state.wi.us; cale.battles@legis.state.wi.us; diane.harmelink@legis.state.wi.us; matt.kussow@legis.state.wi.us; don.nelson@legis.state.wi.us; jayme.sellen@legis.state.wi.us; tyrone.daniels@legis.state.wi.us; calvin.eleby@legis.state.wi.us; anna.phillips@legis.state.wi.us; locha.thao@legis.state.wi.us; ritch.williams@legis.state.wi.us; karin.boeck@legis.state.wi.us; jennifer.brøberg@legis.state.wi.us; eric.genrich@legis.state.wi.us; jessica.lundquist@legis.state.wi.us; jay.wadd@legis.state.wi.us; john.wagnitz@legis.state.wi.us; tim.obrien@legis.state.wi.us; glenn.wavrunek@legis.state.wi.us
Subject: RE: MATC Audit Hearing Public Notice

In response to those who requested my home address:

360 East Daphne Road, Fox Point, Wisconsin 53217 414.351.6104 (home) 262.241.8555 (office)
-----Original Message-----
From: Pedersen Associates, Ltd. [mailto:PedersenAssoc@worldnet.att.net]
Sent: Monday, May 12, 2003 8:20 AM
To: sen.roessler@legis.state.wi.us; rep.kerkman@legis.state.wi.us; sen.cowles@legis.state.wi.us; sen.darling@legis.state.wi.us; rep.kaufert@legis.state.wi.us; sen.george@legis.state.wi.us; rep.cullen@legis.state.wi.us; sen.hansen@legis.state.wi.us; rep.pocan@legis.state.wi.us
Cc: Leg.Audit.Info@legis.state.wi.us; Kellie.Monroe@legis.state.wi.us; katie.chandler@legis.state.wi.us; melissa.gilbert@legis.state.wi.us; cynthia.boleyn@legis.state.wi.us; roger.frings@legis.state.wi.us; jennifer.halbur@legis.state.wi.us; andrew.gustafson@legis.state.wi.us; rebecca.hogan@legis.state.wi.us; matt.krueger@legis.state.wi.us; tom.oday@legis.state.wi.us; tom.petri@legis.state.wi.us; jessica.tormey@legis.state.wi.us; david.volz@legis.state.wi.us; cale.battles@legis.state.wi.us; diane.harmelink@legis.state.wi.us; matt.kussow@legis.state.wi.us; don.nelson@legis.state.wi.us; jayme.sellen@legis.state.wi.us; tyrone.daniels@legis.state.wi.us; calvin.eleby@legis.state.wi.us; anna.phillips@legis.state.wi.us; locha.thao@legis.state.wi.us; ritch.williams@legis.state.wi.us; karin.boeck@legis.state.wi.us; jennifer.brøberg@legis.state.wi.us; eric.genrich@legis.state.wi.us; jessica.lundquist@legis.state.wi.us; jay.wadd@legis.state.wi.us; john.wagnitz@legis.state.wi.us; tim.obrien@legis.state.wi.us; glenn.wavrunek@legis.state.wi.us
Subject: MATC Audit Hearing Public Notice

Senators Jeskewitz and Roessler:

As a former member of the Milwaukee Area Technical College District Board, I was disappointed to learn, just 24 hours before the event, that the Joint Legislative Audit Committee was hearing comment on the MATC Audit tomorrow morning at 11:00 AM.

I first heard of the public hearing this afternoon, when Dr. Elliott Moeser contacted me. He indicated that his notice of the hearing was mailed to him

on May 6th. This hardly gives any interested citizen, particularly an individual who was called to offer information for the audit, an opportunity to attend and/or speak.

Good government prevails only when all have an equal opportunity to voice objections or accolades. As a matter of fact, one of the problems that plagued MATC was the lack of communication between individual board members, and the administrator's inability to get information to some members of the board in a timely fashion.

The Joint Legislative Audit Committee must follow the same guidelines as the institution they investigated. Give all interested taxpayers - especially those with businesses to run -- the opportunity to contribute. Please, postpone this hastily called, ineffectively noticed meeting. Allow those who would be heard ample notice to arrange their schedules and travel to Madison.

The most distressing outcome of this legislative audit would be to have little input from those *not* coordinated by a special interest, and no substantial outcome.

Sincerely,

A. Paul Pedersen

05/12/2003

Asbjornson, Karen

From: A Paul Pedersen [APPedersen@PedersenAssoc.com]

Sent: Monday, May 12, 2003 9:03 PM

To: APPedersen@PedersenAssoc.com; sen.roessler@legis.state.wi.us; rep.kerkman@legis.state.wi.us; sen.cowles@legis.state.wi.us; sen.darling@legis.state.wi.us; rep.kaufert@legis.state.wi.us; sen.george@legis.state.wi.us; rep.cullen@legis.state.wi.us; sen.hansen@legis.state.wi.us; rep.pocan@legis.state.wi.us; rep.jeskowitz@legis.state.wi.us

Cc: Leg.Audit.Info@legis.state.wi.us; Kellie.Monroe@legis.state.wi.us; katie.chandler@legis.state.wi.us; melissa.gilbert@legis.state.wi.us; cynthia.boleyn@legis.state.wi.us; roger.fringgs@legis.state.wi.us; jennifer.halbur@legis.state.wi.us; andrew.gustafson@legis.state.wi.us; rebecca.hogan@legis.state.wi.us; matt.krueger@legis.state.wi.us; tom.oday@legis.state.wi.us; tom.petri@legis.state.wi.us; jessica.torrey@legis.state.wi.us; david.volz@legis.state.wi.us; cale.batties@legis.state.wi.us; diane.harmelink@legis.state.wi.us; matt.kussow@legis.state.wi.us; don.nelson@legis.state.wi.us; jayme.sellen@legis.state.wi.us; tyrone.daniels@legis.state.wi.us; calvin.eleby@legis.state.wi.us; anna.phillips@legis.state.wi.us; locha.thao@legis.state.wi.us; ritoh.williams@legis.state.wi.us; karin.boeck@legis.state.wi.us; jennifer.proberg@legis.state.wi.us; eric.genrich@legis.state.wi.us; jessica.lundquist@legis.state.wi.us; jay.wadd@legis.state.wi.us; john.wagnitz@legis.state.wi.us; tim.obrien@legis.state.wi.us; glenn.wavrunek@legis.state.wi.us

Subject: RE: MATC Audit Hearing Public Notice

I would like to thank all of you and your support staff that responded to my message regarding the MATC Legislative Audit Hearing. I understand that the Hearing has been postponed until a later date at which time I will be notified. I look forward to being present at one of the most important hearings that you will be involved with and hope that your interest in the Milwaukee Area Technical College will lead to a thorough investigation of the State Technical College System. MATC is merely the tip of the iceberg of a system that requires your attention.

I look forward to seeing you at the rescheduled hearing.

Sincerely,

A. Paul Pedersen
360 East Daphne Road
Milwaukee, Wisconsin 53217
414-351-6104

05/13/2003

Asbjornson, Karen

From: Bilot, Erin
Sent: Tuesday, May 13, 2003 9:21 AM
To: Asbjornson, Karen
Subject: RE: MATC Audit Hearing Public Notice

Thank you. Fortunately we made the list this time.
Sue called him yesterday. She said he was nice, but that he has a lot of things to talk to Sue & Carol about.

-----Original Message-----
From: Asbjornson, Karen
Sent: Tuesday, May 13, 2003 9:19 AM
To: Bilot, Erin; Chrisman, James
Subject: FW: MATC Audit Hearing Public Notice

fyi...

Karen Asbjornson
Office of Senator Carol Roessler
(608) 266-5300/1-888-736-8720
Karen.Asbjornson@legis.state.wi.us

-----Original Message-----

From: A Paul Pedersen [mailto:APPedersen@PedersenAssoc.com]
Sent: Monday, May 12, 2003 9:03 PM
To: APPedersen@PedersenAssoc.com; sen.roessler@legis.state.wi.us; rep.kerkman@legis.state.wi.us; sen.cowles@legis.state.wi.us; sen.darling@legis.state.wi.us; rep.kaufert@legis.state.wi.us; sen.george@legis.state.wi.us; rep.cullen@legis.state.wi.us; sen.hansen@legis.state.wi.us; rep.pocan@legis.state.wi.us; rep.jeskewitz@legis.state.wi.us
Cc: Leg.Audit.Info@legis.state.wi.us; Kellie.Morroe@legis.state.wi.us; katie.chandler@legis.state.wi.us; melissa.gilbert@legis.state.wi.us; cynthia.boley@legis.state.wi.us; roger.frings@legis.state.wi.us; jennifer.halbur@legis.state.wi.us; andrew.gustafson@legis.state.wi.us; rebecca.hogan@legis.state.wi.us; matt.krueger@legis.state.wi.us; tom.oday@legis.state.wi.us; tom.petri@legis.state.wi.us; jessica.tormey@legis.state.wi.us; david.volz@legis.state.wi.us; cale.battles@legis.state.wi.us; diane.harmelink@legis.state.wi.us; matt.kussow@legis.state.wi.us; don.nelson@legis.state.wi.us; jayne.sellen@legis.state.wi.us; byrone.daniels@legis.state.wi.us; calvin.eleby@legis.state.wi.us; anna.phillips@legis.state.wi.us; locha.thao@legis.state.wi.us; ritchn.williams@legis.state.wi.us; karin.boeck@legis.state.wi.us; jennifer.broberg@legis.state.wi.us; eric.genrich@legis.state.wi.us; jessica.lundquist@legis.state.wi.us; jay.wadd@legis.state.wi.us; john.wagnitz@legis.state.wi.us; tim.obrien@legis.state.wi.us; glenn.wavrunek@legis.state.wi.us
Subject: RE: MATC Audit Hearing Public Notice

I would like to thank all of you and your support staff that responded to my message regarding the MATC Legislative Audit Hearing. I understand that the Hearing has been postponed until a later date at which time I will be notified. I look forward to being present at one of the most important hearings that you will be involved with and hope that your interest in the Milwaukee Area Technical College will lead to a thorough investigation of the State Technical College System. MATC is merely the tip of the iceberg of a system that requires your attention.

I look forward to seeing you at the rescheduled hearing.

Sincerely,

A. Paul Pedersen
360 East Daphne Road
Milwaukee, Wisconsin 53217
414-351-6104

Asbjornson, Karen

From: Asbjornson, Karen
Sent: Friday, May 16, 2003 10:57 AM
To: Bilot, Erin
Cc: Chrisman, James
Subject: Re: Colon's office

Andy from Rep. Colon's office called yesterday wondering if he had sent a letter to the co-chairs asking for a MATC hearing in Milwaukee. I told him we had received the letter. I also told him I just don't think it will be in Milwaukee because we are not supposed to be traveling with the committees due to budgetary constraints.

Have a wonderful weekend!

Karen Asbjornson
Office of Senator Carol Roessler
(608) 266-5300/1-888-736-8720
Karen.Asbjornson@legis.state.wi.us



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

May 19, 2003

Representative Pedro Colón
Room 5 North, State Capitol
P.O. Box 8952
Madison, WI 53708-8952

Dear Representative Colón;

We are in receipt of your letter requesting the Joint Audit Committee to hold a public hearing in Milwaukee on the Milwaukee Area Technical College Audit. As we are sure you are aware, the previously scheduled hearing on this audit scheduled in Madison was cancelled due to scheduling conflicts. However, it is still our intention to hold a public hearing on this audit.

We appreciate the appropriateness of holding a hearing on this audit in Milwaukee. Unfortunately, due to budget restrictions, legislative committees have not been approved for travel outside of Madison. Thus, we are unable to ask the audit committee to travel to Milwaukee for a hearing.

One unique aspect of the Joint Audit Committee is that all hearings are broadcast on the Internet at <http://www.legis.state.wi.us/lab/JCAHearing.htm>. We encourage all interested parties to listen to the hearing and welcome them to follow up with written testimony.

Thank you again in your interest in the audit of the Milwaukee Area Technical College.

Sincerely,

Carol Roessler, Co-Chair
Joint Audit Committee

Suzanne Jeskewitz, Co-Chair
Joint Audit Committee



Pedro Colón

STATE REPRESENTATIVE

5/2/03

May 2, 2003

Senator Carol Roessler
Co-Chair Joint Audit Committee
Room 8 South
State Capitol
P.O. Box 7882
Madison, WI 53707

Representative Suzanne Jeskewitz
Co-Chair Joint Audit Committee
Room 314 North
State Capitol
P.O. Box 8952
Madison, WI 53708

Dear Senator Roessler and Representative Jeskewitz:

It is my understanding that the Joint Audit Committee will be holding a public hearing on the recent audit of the Milwaukee Area Technical College (MATC) by the Legislative Audit Bureau. I believe this an important and necessary step toward ensuring the long-term stability and success of this vital institution.

I am formally requesting that an additional hearing on this matter be conducted in Milwaukee. This would better ensure that students and prospective students who are most impacted by budget and operation decisions of MATC be given a chance to have their voices heard. My office has received indications that student would like to testify but cannot easily get to Madison. Additionally, MATC is absolutely a critical element in the economic development of southeastern Wisconsin thus a Milwaukee hearing would allow a more broad range of interested parties to have input in this process. Finally, this is simply a matter of fairness to the more than 60,000 students who attend classes at MATC each year.

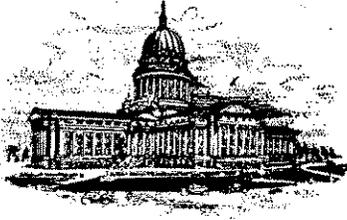
I thank you for your time and attention in this matter and look forward to the committee holding a public hearing in Milwaukee.

Sincerely,

Pedro A. Colón
State Representative
8th Assembly District

cc: Dr. Darnell Cole

8th Assembly District



Wisconsin State Assembly

P.O. BOX 8952 • MADISON, WI 53708

NEWS RELEASE

FOR IMMEDIATE RELEASE

June 5th, 2003

For more information, contact:

Rep. Sue Jeskewitz (608) 266-3796

Rep. Gary Bies (608) 266-5350

Gard Announces Wisconsin Technical College Task Force: Representatives Jeskewitz and Bies to Co-Chair

Madison, Wisconsin – Assembly Speaker John Gard (R-Peshtigo), along with State Representatives Suzanne Jeskewitz (R-Menomonee Falls) and Garey Bies (R-Sister Bay) announced today the creation of a Speaker's Task Force to review the Wisconsin Technical College System (WTCS.) The Task Force will examine numerous components of the technical college system with the goal of providing substantive and constructive suggestions for modification of the system.

"We hope to review the scope and depth of WTCS responsibilities," said Jeskewitz. "Our overriding goal is to develop a clearer picture of the current system."

The Task Force, to be co-chaired by Jeskewitz and Bies, will have bi-partisan membership and will be staffed by the Legislative Council Agency. Task Force members will encompass a cross-section of the state and include representatives from the business community, local governments, the technical college system, taxpayer organizations, two-year campuses, and at-large members.

"The creation of this Task Force will allow for a statewide assessment of the technical college system in Wisconsin," said Rep. Bies. "This study will have a broad focus and we will examine both the problems and successes of the system."

Jeskewitz and Bies plan on convening the Task Force this summer. Topics to be studied include the overall efficiency of the system, effectiveness of the system for its students, staffing and capitol costs, credit transfer issues, funding, and accountability to the taxpayers.

"As we address these topics, we will also review the technical college systems of other states," continued Rep. Bies. "Perhaps some of our questions have been addressed elsewhere and we will be able to learn what has, and what has not worked for others."

"This is a great opportunity for in-depth review of the Wisconsin Technical College System," added Rep. Jeskewitz. "Rep. Bies and I are grateful for the chance to study and learn from WTCS."

-END-

Asbjornson, Karen

From: Bilot, Erin
Sent: Thursday, June 05, 2003 3:41 PM
To: Alberta Darling; Bob Cowles; Cale Battles; Carol Roessler; Cynthia Boley; Dave Cullen; David Volz; Dean Kaufert; Diane Handrick; Diane Harmelink; Don Nelson; Erin Bilot; Gary George; Glenn Wavrunek; James Chrisman; Janice Mueller; Jayme Sellen; Jeff Plale; Jeff Valenzuela; Jennifer Halbur; Jessica Tormey; Karen Asbjornson; Katherine Ford; Katy Venskus; Linda Seaquist; Locha Thao; Matt Kussow; Melissa Gilbert; Michael Driedric; Pam Shannon; Rebecca Hogan; Rex Loehe; Ritch Williams; Roger Frings; Sara Jermstad; Susie Schooff; Suzanne Jeskewitz; Tim OBrien; Tom O'Day; Tom Petri; Tyrone Daniels
Subject: Audit Committee Hearing

Please mark your calendars. The next Audit Committee Hearing will be Tuesday, July 29th at 1:00 PM in Room 411 South. This hearing will cover the MATC audit.

Please contact Rep. Jeskewitz's or Senator Roessler's office with any questions or conflicts.

Thanks,

Erin

Erin Bilot
Office of Suzanne Jeskewitz
State Representative
24th Assembly District

Asbjornson, Karen

From: Fischer, Kevin
Sent: Thursday, June 12, 2003 10:02 AM
To: *Legislative Senate Republicans
Subject: MATC Health Insurance Under Attack

FYI: Here's a memo sent out to union members at the Milwaukee Area Technical College earlier this week.

TO: ALL LOCAL 212 MEMBERS
FROM: MIKE ROSEN, CHARLIE DEE
DATE: JUNE 10, 2003
RE: MATC HEALTH INSURANCE UNDER ATTACK

The Republican-controlled Joint Finance Committee's (JFC) state budget proposal contained a provision that would transform and weaken your health insurance coverage.

This provision would allow technical college districts, K-12 school districts, municipalities and counties to transfer health insurance coverage to the state's public employer health insurance plan **WITHOUT NEGOTIATING WITH UNIONS!**

This would have two major impacts on all employees of MATC. The first is that the MATC health care plan we in Local 212 are part of could be ripped out from under us and replaced with a new one that would include worse deductibles, co-pays, possibly less coverage, and probably different networks of doctors.

It would also mean that rather than having health insurance as a mandatory subject of bargaining on our contracts with MATC, state government in Madison would decide what our health insurance is. Since the health insurance plan that unions negotiate are what all employees of MATC get, this would affect every employee of the college.

Since the Republicans control both houses of the legislature and have made attacks against technical colleges, their faculties and staffs one of their top legislative priorities, this would be tragic for members of Local 212.

ALL LOCAL 212 MEMBERS NEED TO IMMEDIATELY CONTACT THEIR LEGISLATORS, NO MATTER WHAT PARTY THEY ARE IN, AND INSIST THAT THE JOINT FINANCE COMMITTEE'S ATTACKS ON TECHNICAL COLLEGES MUST BE VOTED DOWN. IN ADDITION, WRITE GOVERNOR JIM DOYLE AND URGE HIM TO VETO THESE ATTACKS ON OUR HEALTH CARE.

I just heard State Senator Mary Panzer, the Republican leader of the Senate, claim on the radio that her constituents are solidly behind their proposals. It's up to us to change that!

Milwaukee Area Technical
College District

Legislative Audit Bureau
July 2003

1

MATC Governance and Enrollment

- ◆ District serves all of Milwaukee County, most of Ozaukee County, and parts of Washington and Waukesha counties
- ◆ A nine-member Board of Directors is appointed by local school board presidents
- ◆ Full-time equivalent student enrollment at MATC was 12,504 in 2001-02

2

Operating Revenues and Expenditures, FY 2001-02

- ◆ Operating revenues - - \$153.2 million
- ◆ Operating expenditures - - \$152.0 million

3

MATC Staffing Levels, FY 2001-02

Instructors and support staff	1,019.0
Technical/clerical/paraprofessional, non-instructional supervisors	549.2
Administrative/managerial and professional non-faculty	163.8
Skilled crafts and service/maintenance	152.6
Student employees	59.4
Total	1,944.0

4

Financial Indicators

- ◆ Positive change in the District's bond rating during the course of our audit
- ◆ MATC has established and maintained its reserve funds
- ◆ Cost per FTE student in FY 2001-02
\$11,330 statewide average
\$11,181 at MATC

5

Property Tax Revenues

- ◆ MATC has been at the 1.5 operational mill rate limit since FY 1990-91
- ◆ Equalized property values have increased at a relatively slower rate in Milwaukee
- ◆ Property tax revenues increased 8.7 percent in FY 2001-02

6

w+sw also at mill limit

98-02	CO MATC equal. 8.790
	Test state 8.900

State Aid

- ◆ MATC state aids have declined
\$30.6 million in FY 1997-98
\$29.2 million in FY 2001-02
\$28.7 million budgeted for FY 2002-03
- ◆ MATC ranks third highest among the districts in general state aid as a percentage of operating cost per student

7

Financial Management Issues

- ◆ MATC has not complied with its policy to recover 100 percent of its business training costs
- ◆ Enterprise activities have required increasing amounts of tax levy support to cover losses
- ◆ MATC's two business incubators have lost more than \$257,000 in the past five years

ties between child
care + acad. - prep.

8

Financial Management Issues (continued)

- ◆ MATC contracted for professional services that appear to duplicate internal staffing resources
- ◆ Salaries for new administrators were higher than recommended by a Board consultant
- ◆ An administrative reorganization was not clearly or comprehensively communicated to the Board

9

- Milwaukee & Shorewood
- Ford + Harley D.
- Central City worker ctr.

2.7 mill → 4.9 million 01
rev. not met costs

Board review property

655,000 FY 98-02
no tracking business

20,000 lobby firm
& attending mtgs
contracts to review
large salary increases

Standard Perf.
measures 3
cost + benefits - more fiscal
measures

MATC Faculty Wages

- ◆ MATC instructors have received increases of at least 4.0 percent annually in each of the last six fiscal years
- ◆ In 2002, 64.4 percent of instructors were paid more than the posted maximum salary
- ◆ 12.0 percent were paid more than \$100,000

10

at least 4% each of FY's
same compar.
Mad. Wauke Gateway
3.25-4% inc seen
in same FY's

MATC Employee Health Care

- ◆ In FY 2001-02, MATC spent \$16.9 million for health care
- ◆ For FY 2002-03, health care costs were expected to total \$19.5 million, a 15.7 percent increase
- ◆ MATC has agreed with its unions to forego additional changes in health care until July 2007

11

hc changes
copayments
HC - \$19.5 mill '03 15.7% ↑ in proceed.
yes.
no board assumpt.
for new

District Board Governance

- ◆ The Board has not been consistently provided with complete or timely information
- ◆ The Board has not consistently applied its probationary policy for new employees
- ◆ The Board appears to have improperly convened in closed sessions on several occasions

12

no prob. period!
apply consistently
closed session -
seek add'l guidance
see DOS -

(2)

Alberta Darling
Wisconsin State Senator
Co-Chair, Joint Committee on Finance

July 29th, 2003

**TESTIMONY BEFORE THE JOINT LEGISLATIVE AUDIT
COMMITTEE ON MATC**

Good afternoon and thank you Chairwomen Roessler and Jeskewitz, for scheduling this public hearing on the MATC Audit. As the legislator who requested the audit, I feel it's appropriate to express my feelings on the audit's findings as well as my views on the college and its direction.

First let me state that in my view, the Legislative Audit Bureau, AGAIN, did a remarkable job of digging through layers of administration and bureaucratic red tape to unearth some very legitimate and important findings. Again, I want to thank Director Mueller and her staff for their efforts. I sincerely believe many of the issues we will discuss today would not have become the publicly debatable topics they are if it were not for the hard work of the Audit Bureau.

Over a year ago, in June of 2002, I requested the Audit Bureau focus on 5 core concerns raised by board members, the public at large and the media:

- 1) District Board spending decisions that may have put the college at significant financial risk.
- 2) Negotiated salary, wage and benefit package increases, authorized by the MATC District Board in November 2001.
- 3) Use of reserve contingency funds to pay for ongoing operating expenses.
- 4) Potential violations of established MATC District Board policies.
- 5) Selection and compensation of consultants by MATC.

As to the audit itself, I continue to be troubled by is the fiscal decisions made by the Board of Directors, and subsequently supported by the Administration. By not effectively managing the cost of employee health care benefits, and then agreeing to forego additional health plan changes until 2007; MATC has not shown the same level of fiscal constraint other colleges within the system have.

Alberta Darling

Wisconsin State Senator

Co-Chair, Joint Committee on Finance

Page 2.

- In calendar year 2002, 386 of 599 full-time MATC instructors, or 64.4 percent, were paid more than that year's maximum salary of approximately \$76,000.
- 72 of the 386, or 12.0 percent of all full-time instructors, were paid more than \$100,000.

In studying the audit, I kept asking myself, "How can they justify those raises in today's atmosphere of state-wide budget crunches and cut-backs?" Annual salary increases of 4 to 5%, coupled with the rising cost of health insurance have placed a negative spotlight on MATC.

- MATC's health care expenditures have risen over 15% in each of the last three school years.

2000-01	22.0%
2001-02	15.1%
2002-03	15.7%

- MATC estimates that its health care costs will increase from \$16.9 million in FY 2001-02 to \$19.5 million in FY 2002-03.

Many in the community don't believe they practice the same fiscal responsibility other local units of government are forced to. Because of this, MATC is being publicly held accountable for the first time in a long while.

I also wonder if the MATC Board expects their unions to reopen contract negotiations if health care costs continue to shoot thru the roof? Just over a year ago, the Board agreed to lock in a newly negotiated health care plan for 5 years, a decision that will surely come back to haunt them if and when double-digit health insurance increases continue in the years to come.

The decision was apparently made in order to receive union co-pay concessions that helped balance the 2001-02 budget. Unless fringe benefit costs level off, the decision will surely come back to bite the Board. The "short-term gain in exchange for long-term pain" gamble does not pay off at any level of government. Simply put, the unions will never reopen health care contract talks and the Board's ill-advised decision will ultimately put the college in serious fiscal jeopardy.

Alberta Darling

Wisconsin State Senator

Co-Chair, Joint Committee on Finance

Page 3.

In June of 2002, the board voted to give a delayed salary bonus of over \$7,000 to President Cole. The delay pushed the bonus off until this summer, so it would remain off the front page and outside of the public eye. It's this type of fiscal irresponsibility that has scarred the Board's reputation. While there are many aspects of MATC's operation that were studied and addressed in the audit, I feel the salary and health care problems deserves the most scrutiny and criticism.

There are three goals I hope the college meets as a result of this audit and this hearing:

First, I would hope the public scrutiny that others and myself have brought would lead to future fiscal reforms. The MATC Board simply cannot continue to spend lavishly while other units of government swallow hard and get by with less. The college has been at the 1.5 mill rate limit for over a decade. Well over half of the instructors earn more than \$76,000 annually. Many are paid over \$100,000. Also, in the last round of contract talks, unionized employees were provided 4% raises each year of the two-year deal. Those numbers are significantly higher than they should be. Allowing 5.5% and 8.3% total compensation package increases for the colleges two bargaining units is simply unbelievable in today's fiscal climate.

Second, I expect working and personal relationships between members of the Board, the Administration, the student body and the public-at-large to improve. The divisiveness and lack of openness have apparently become a cancer. Just last the past year, five of the nine members of the Board have either resigned or announced they would not seek another term. The problems start at the top, and the top is where new and better relationships must be cultivated. However, these criticisms are not solely the fault of President Cole. It is the responsibility of the Board of Directors. There appears to be an "inside" group and an "outside" group. That is terribly wrong and it must change.

And Third, President Carpenter and the Wisconsin Technical College System need to hold the MATC Board of Directors and the Administration accountable for their financial decision-making. They cannot stay on the sidelines and simply pass the buck. WTCS must play a role in the process by providing

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Alberta Darling
Wisconsin State Senator
Co-Chair, Joint Committee on Finance

Page 4.

oversight, advice and public scrutiny when necessary. Egos, personalities and vindictiveness have no place in an educational environment where the shared goal is the same.

In closing, it appears the audit and its findings have helped MATC's leaders recognize areas that need improvement. In one year's time, let's sit down again and ask these questions:

- 1) Has enough follow through been done to benefit the taxpayers and the student body, or has it been done to placate those who originally raised objections?
- 2) Are the appointed board members beholden to the people who appoint them, namely administration or the employee unions or are they doing what's best for the taxpayers and the community?

Thank you and I'd be happy to answer any questions the committee may have of me.

Milwaukee Area Technical College

Testimony of Dr. Darnell E. Cole

President, Milwaukee Area Technical College

Before the Joint Legislative Committee on Audits, July 29, 2003

Madame chairpersons – Senator Roessler, Representative Jeskewitz – members of the joint committee, good afternoon. I would also like to acknowledge the staff of the Legislative Audit Bureau, whose professionalism has been greatly appreciated. Thank you for this opportunity to speak with you about Milwaukee Area Technical College and our recent state audit. My remarks will be brief. For more detail, I would refer the committee to our written report.

A year and a half ago, when this audit was commissioned, MATC was addressing several key issues. A “negative outlook” had been attached to our bond rating. We faced a \$3.5 million budget deficit. Health care insurance costs were spiraling out of control. We were losing more than \$1 million a year on enterprise and auxiliary services.

Today, I am proud to report that we have turned that situation around. Our employees responded to my call to sacrifice. Our employee unions agreed to begin to share our health care costs in the form of medical co-payments and higher deductibles. Simultaneously, we made some tough decisions to streamline our administrative staff. Our phase-two reorganization this spring eliminated 33 positions, with a net salary savings of \$1.8 million. It was a very painful process, but we had to get the college back on track.

Through cost cutting and a college-wide spending freeze, we managed to reverse our deficit. This led to a “stable outlook” being restored to our bond rating. Our strong Aa2 bond rating is better than the ratings for the city of Milwaukee, Milwaukee County and the state. In addition, our new balanced budget, passed by our board in June, calls for no use of reserve funds.

This month, we ended fiscal year 2003 with a small surplus. We did not have to use \$500,000 in reserve funds that were budgeted for operations. Enrollments are up for the third year in a row. Based on a huge increase in applications, we project another increase of at least 5 percent this fall.

While we are proud of our recent accomplishments, we recognize that no institution is perfect. Improvement must be ongoing. In that spirit, I want to take this opportunity to say I personally appreciate the recommendations of the Legislative Audit Bureau. We have taken them constructively, as good

suggestions by and large. In all areas of concern to the LAB, MATC has made and continues to make tangible progress.

At this point, a little background about the college is in order. Founded 92 years ago, we are the largest community-based technical college in the Midwest. Our overriding priority is to provide the best teaching and learning experiences possible for our students, efficiently and effectively. We work constantly to improve our services.

MATC graduates more than 1,700 associate degree and technical diploma students each year. 90 percent find jobs within six months of graduation or go on to four-year colleges. 99 percent go on to live and work in Wisconsin, most in the MATC district.

For accessibility and convenience, we operate campuses in downtown Milwaukee, Mequon, Oak Creek, and West Allis, serving about 60,000 total students per year. MATC has the most diverse student body in the state. Among students identifying their ethnicity in our surveys, roughly two out of five are minorities.

We offer 186 associate degree, diploma and certificate programs, plus 39 apprentice programs – the widest range of career choices among Wisconsin technical colleges. Our college parallel program is strong and growing. We now have in place a record number of transfer agreements with four-year colleges in Wisconsin and beyond. For students beginning on the college track, MATC operates the largest GED center in the state.

Our economic benefits to the community and state are substantial. Over time, through added earnings value, MATC has pumped billions of dollars back into the community.

Our technical diploma graduates earn average annual wages of \$32,000, 28 percent more than high school graduates. Associate degree graduates earn average annual wages of \$36,000, 44 percent more than high school graduates. Annual earnings increase about \$3,900 for every year of MATC instruction.

The *total added earnings value* created by MATC surpasses \$333 million per year, almost all of which stays in metro Milwaukee. That figure represents the annual, cumulative added earnings attributed directly to MATC.

I emphasize this to make the point that the public dollars we receive do not vanish into a black hole. They return to the economy many times over in the form of higher wages. And when you add our indirect benefits – reduced crime, reduced unemployment and stable families – we return more than nine dollars to the community *for every dollar invested*.

The nature of the audit process is to find weaknesses. So, we were pleased that the review also highlighted strengths.

As I mentioned earlier, and as acknowledged in the audit, we turned around a \$3.5 million deficit and had a stable outlook restored to our bond rating. The audit found that we have kept our cost per student below the average for the technical college system. It acknowledged the historic agreement by our unions to begin sharing the cost of health care.

However, the audit did find legitimate weaknesses that led to eight recommendations. In discussing the recommendations specifically related to the administration, I will first state the recommendation, followed by our response.

1) Recommendation: "MATC should comply with district policy and recover the full aggregate cost of contracted training."

We are working toward this goal, while trying to preserve some flexibility. A new policy in the works sets strict criteria for discount pricing. For the economic benefit of the community, there will be times when we provide contracted training at a discount. But we do agree on the need for a decision matrix that can be applied consistently.

After the audit, this department was reorganized for direct accountability to me. And, for the first time, we created a sales force to sell contracted training in the community. We believe that through consistent pricing and increased revenues we can turn this department into a profit center.

2) Recommendation: "MATC should develop and implement plans to eliminate property tax subsidies for enterprise activities (food service, child care, bookstore)."

We agree and are making real progress. In the last year, we consolidated our food service operations at the Milwaukee campus and are implementing more creative bookstore merchandising. We have eliminated inefficiencies on the cost side. On the revenue side, we have boosted sales by offering improved products, at competitive prices, with excellent service, in attractive settings. This strategy is working, and we foresee a complete turnaround in the next few years.

3) Recommendation: "MATC should evaluate the costs and benefits of business incubators (Milwaukee Enterprise Centers)."

We initiated a review of our enterprise centers, with the results to be presented to the board in August. I would like to clarify that the centers are supported almost exclusively by rental income. They receive no operational tax levy support, and we do not see the need ever arising.

4) Recommendation: "MATC should review the use of consultants, especially in light of expanded internal capacities."

The review process is ongoing. We are not aware of any overlaps between staff and external vendors. One did exist a year ago with respect to public relations, and we eliminated it. Ways to reduce our outside legal costs are under consideration. We now provide the board with quarterly reports on consulting activities and expenses.

*member
2 yrs.
many
vacancies*

5) Recommendation: "MATC should comply with district policy requiring probationary periods for all employees."

We agree. In a few contracts, probationary periods were omitted by mistake. At the direction of the board, I have sent a memo to Human Resources, reiterating that there can be no exceptions. We don't believe this will happen again.

6) Recommendation: "The administration should ensure that complete and accurate information is provided to the board in a timely manner."

We agree absolutely with this principle. Although we believe we already do a good job, this is an area that can always be improved. We are continuing to evaluate and refine the procedures by which we communicate with our district board.

The LAB made two other recommendations relating specifically to board issues. These are best addressed by our board's vice chair, Lauren Baker, who served as chairperson during the audit period. Before I introduce Ms. Baker, I would be more than happy to answer any questions from the committee. Again, please refer to our written report for additional detail.

I will end here by saying that I feel privileged to lead MATC. It is a great college that continues to make an enormous difference in the lives of our students.

Thank you.