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☞ Details: Follow-up: Audit Report 03-4, An Evaluation: Milwaukee Area Technical College District

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Joint

(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
 - (**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
 - (**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

* Contents organized for archiving by: Stefanie Rose (LRB) (September 2012)

Record of Committee Proceedings

Joint Legislative Audit Committee

Follow-up: Audit Report 03-4,

An Evaluation: Milwaukee Area Technical College District

September 13, 2005 **PUBLIC HEARING HELD**

- Present: (7) Senators Roessler and Cowles; Representatives Jeskewitz, Kaufert, Kerkman, Travis and Cullen.
- Absent: (3) Senators S. Fitzgerald, Miller and Lassa.

Appearances For

- None.

Appearances Against

- None.

Appearances for Information Only

- Janice Mueller, Madison — State Auditor, Legislative Audit Bureau
- Kate Wade, Madison — Legislative Audit Bureau
- Daniel Clancy, Madison — President, Wisconsin Technical College System
- Morna Foy, Madison — Wisconsin Technical College System
- Darnell Cole, Franklin — President, Milwaukee Area Technical College
- Jeanette Bell, West Allis — Board Chair, Milwaukee Area Technical College
- Rick Kettner, Milwaukee — Regional Vice President, Milwaukee Area Technical College
- Theresa Barry, Milwaukee — Vice President of Student Services, Milwaukee Area Technical College
- Douglas Udell, Milwaukee — Milwaukee Area Technical College
- Lauren Baker, Milwaukee

Registrations For

- None.

Registrations Against

- None.

June 20, 2006

PUBLIC HEARING HELD (*Testimony from Invited Speakers Only*)

- Present: (9) Senators Roessler, Cowles, S. Fitzgerald, Miller and Lassa; Representatives Jeskewitz, Kaufert, Kerkman and Cullen.
- Absent: (1) Representative Travis.

Appearances For

- None.

Appearances Against

- None.

Appearances for Information Only

- Janice Mueller, Madison — State Auditor, Legislative Audit Bureau
- Kate Wade, Madison — Legislative Audit Bureau
- Darnell Cole, Milwaukee — President, Milwaukee Area Technical College
- Jeannette Bell, West Allis — President, Milwaukee Area Technical College Board
- Christy Brown, Milwaukee — Milwaukee Area Technical College
- Michael Sargent, Milwaukee — Milwaukee Area Technical College
- Alberta Darling, River Hills — Senator, Wisconsin State Senate

Registrations For

- None.

Registrations Against

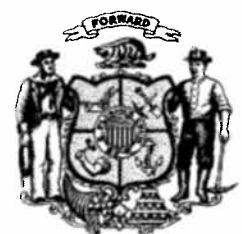
- None.



Pam Matthews
Committee Clerk



WISCONSIN STATE LEGISLATURE





TO: The Honorable Suzanne Jeskewitz
Ms. Pam Matthews
Ms. Diane Handrick

FROM: Robert S. Hartung
Vice President, College Advancement

DATE: June 15, 2005

RE: Requested Materials from Milwaukee Area Technical College (MATC)

The additional information you requested with regard to MATC's budget follows:

1. Additional detail as to funding sources for PTV

A spreadsheet outlining revenue and expenditures for PTV (which includes operating and capital borrowing) from 1999 to present and a pie chart identifying current sources of revenue are attached (Appendix 1 and Appendix 2).

2. Financial detail relative to all Enterprise Activities

A spreadsheet outlining revenue and expense histories for the college bookstore, food services, child care and the MEC Centers is attached (Appendix 3).

As you will see, the bookstore continues to operate at a profit.

Food service continues to operate at a deficit (\$976,531.93 to date). The college is working to reengineer hourly staffing to reduce costs and is developing strategies for modifying food selections toward items providing better margins on sales.

Our two Milwaukee Enterprise Centers (MECs) also show a deficit of \$76,260.62 for the current fiscal year. Part of that deficit is due to the loss of a significant tenant, Allen-Edmonds Shoes. The college is also looking at possible budget-cutting reconfiguration of this service in relation to community needs.

The child care deficit was discussed at our meeting last week and the recommendations for addressing this issue were provided at that time.

3. Bonding for equipment now being located at Discovery World

The college issued \$3.5 million in bonding June 2005. This will be amortized fully on June 2010. The total in interest payments will be \$402,562 bringing the final tally to \$3,902,563. It is important to note that the equipment purchased will be used to train MATC students and would have been acquired for instructional use even if the partnership with Discovery World had not been established.

Downtown Milwaukee Campus
700 West State Street
Milwaukee, WI 53233-1443

Mequon Campus
5555 West Highland Road
Mequon, WI 53092-1143

Oak Creek Campus
6665 South Howell Avenue
Oak Creek, WI 53154-1107

West Allis Campus
1200 South 71th Street
West Allis, WI 53214-3110

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The Honorable Suzanne Jeskewitz, et al.

Page 2

June 15, 2006

Please note: I will be away from the office Friday, June 15 and will return Monday, June 19. If additional information is needed during my absence, MATC's Chief Financial Officer, Michael Sargent, will be available to meet any requests you may have. His phone number is 297-6492. His email is sargentm@matc.edu.

cc: Mr. Timothy Elverman
Dr. Darnell Cole
Ms. Christy Brown
Mr. Michael Sargent

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Appendix 1

MILWAUKEE AREA TECHNICAL COLLEGE SUMMARY OF PUBLIC TELEVISION

DESCRIPTION	1997 ACTUAL	1998 ACTUAL	1998 ACTUAL	2000 ACTUAL	2001 ACTUAL	2002 ACTUAL	2003 ACTUAL	2004 ACTUAL	2005 ACTUAL	TOTAL
PUBLIC TELEVISION	\$ 1,138,711	\$ 1,157,164	\$ 1,196,000	\$ 1,232,000	\$ 1,433,875	\$ 946,000	\$ 1,420,000	\$ 500,000	\$ 700,000	\$ 7,000,000
OPERATING TAX LEVY	\$ -	\$ 921,465	\$ 843,204	\$ 880,453	\$ 1,278,719	\$ 1,278,719	\$ 1,251,157	\$ 1,103,362	\$ 1,296,103	\$ 1,296,103
CPB/CSC GRANTS	\$ 1,433,731	\$ 918,527	\$ 1,003,533	\$ 922,432	\$ 454,857	\$ 478,049	\$ 454,857	\$ 478,049	\$ 806,408	\$ 806,408
OTHER TV INCOME	\$ 3,972,802	\$ 3,565,824	\$ 3,586,816	\$ 3,856,905	\$ 3,678,811	\$ 3,472,154	\$ 3,046,337	\$ 3,378,992	\$ 2,805,511	\$ 2,805,511
FRIENDS GRANTS	\$ 6,245,244	\$ 6,108,574	\$ 6,544,547	\$ 6,972,891	\$ 6,035,068	\$ 6,195,883	\$ 6,174,351	\$ 5,480,403	\$ 5,811,022	\$ 5,811,022
Total Revenue	\$ 1,902,420	\$ 2,065,892	\$ 2,039,361	\$ 2,142,511	\$ 2,221,281	\$ 2,283,424	\$ 2,863,946	\$ 2,834,946	\$ 2,824,543	\$ 2,824,543
TV ENGINEERING	\$ 1,752,791	\$ 1,796,467	\$ 1,953,943	\$ 1,953,943	\$ 1,953,943	\$ 1,953,943	\$ 1,953,943	\$ 1,953,943	\$ 1,953,943	\$ 1,953,943
TV PROGRAMMING	\$ 1,524,883	\$ 1,555,820	\$ 1,688,785	\$ 1,498,080	\$ 1,436,480	\$ 1,622,338	\$ 1,684,435	\$ 1,018,538	\$ 1,276,284	\$ 1,276,284
TV PRODUCTION	\$ 350,886	\$ 355,008	\$ 350,801	\$ 336,388	\$ 428,603	\$ 404,372	\$ 408,195	\$ 403,808	\$ 450,702	\$ 450,702
TV ADMINISTRATION	\$ 830,746	\$ 846,272	\$ 852,466	\$ 813,011	\$ 459,766	\$ 555,165	\$ 631,624	\$ 629,424	\$ 643,904	\$ 643,904
TV PUBLIC INFORMATION	\$ -	\$ 11,000	\$ (398,605)	\$ 15,482	\$ (146,026)	\$ (21,349)	\$ -	\$ -	\$ -	\$ -
TV PRODUCTION NET OF GRANTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAPITALIZED PRODUCTION COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CONTRIBUTED CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Expense	\$ 6,158,728	\$ 6,340,280	\$ 6,053,533	\$ 6,559,414	\$ 5,235,325	\$ 5,564,113	\$ 5,600,953	\$ 5,605,979	\$ 5,724,910	\$ 5,724,910
Revenue Over (Under) Expense	\$ 87,116	\$ (243,888)	\$ 491,014	\$ 413,477	\$ 766,743	\$ 631,970	\$ 573,388	\$ 145,376	\$ (113,888)	\$ (113,888)

DESCRIPTION	1997 ACTUAL	1998 ACTUAL	1998 ACTUAL	2000 ACTUAL	2001 ACTUAL	2002 ACTUAL	2003 ACTUAL	2004 ACTUAL	2005 ACTUAL	TOTAL
PUBLIC TELEVISION CAPITAL BUDGET	\$ 150,000	\$ 4,889,163	\$ 9,503,101	\$ (1,850,309)	\$ 4,331,473	\$ 3,683,860	\$ 5,105,212	\$ 2,321,623	\$ 3,248,834	\$ 31,392,970
Public Television Programming	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Renovation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TV Tower	\$ 150,000	\$ 4,280,000	\$ 7,781,541	\$ (3,382,704)	\$ 587,894	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000
Antenna Equipment	\$ -	\$ 1,000,000	\$ 286,667	\$ 225,000	\$ 194,000	\$ 104,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000
Digital Equipment	\$ -	\$ -	\$ (390,877)	\$ 1,306,896	\$ 1,978,178	\$ 1,960,860	\$ 3,371,212	\$ (211,367)	\$ 615,834	\$ 615,834
Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ 51,405	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital	\$ 150,000	\$ 4,889,163	\$ 9,503,101	\$ (1,850,309)	\$ 4,331,473	\$ 3,683,860	\$ 5,105,212	\$ 2,321,623	\$ 3,248,834	\$ 31,392,970
PUBLIC TELEVISION CAPITAL BORROWING	\$ 150,000	\$ 1,000,000	\$ 266,667	\$ 225,000	\$ 134,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000
Accruals TV equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Note Payable	\$ 150,000	\$ 1,000,000	\$ 266,667	\$ 225,000	\$ 134,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000
Total Capital Borrowing	\$ 150,000	\$ 1,000,000	\$ 266,667	\$ 225,000	\$ 134,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000
OTHER FUNDS AVAILABLE FOR CAPITAL ASSETS	\$ -	\$ 3,889,163	\$ 9,236,434	\$ (5,080,309)	\$ 1,146,070	\$ (2,639,740)	\$ 1,371,212	\$ (3,111,367)	\$ (34,186)	\$ (34,186)

DESCRIPTION	1997 ACTUAL	1998 ACTUAL	1998 ACTUAL	2000 ACTUAL	2001 ACTUAL	2002 ACTUAL	2003 ACTUAL	2004 ACTUAL	2005 ACTUAL	TOTAL
PUBLIC TELEVISION DEBT SERVICE	\$ 254,000	\$ 432,150	\$ 260,062	\$ 706,649	\$ 761,878	\$ 1,151,155	\$ 1,801,817	\$ 2,408,368	\$ 3,191,544	\$ 3,191,544
Debt Principal Retired	\$ 46,000	\$ 67,850	\$ 238,938	\$ 130,196	\$ 161,102	\$ 324,452	\$ 365,483	\$ 371,569	\$ 375,384	\$ 375,384
Interest Expense	\$ 308,000	\$ 500,000	\$ 500,000	\$ 576,453	\$ 600,776	\$ 826,703	\$ 1,436,334	\$ 2,036,800	\$ 2,816,160	\$ 2,816,160
Total Debt Service Tax Levy	\$ 562,000	\$ 1,000,000	\$ 1,000,000	\$ 1,383,102	\$ 1,422,650	\$ 1,951,155	\$ 2,603,650	\$ 3,408,168	\$ 4,387,088	\$ 4,387,088

DESCRIPTION	1997 ACTUAL	1998 ACTUAL	1998 ACTUAL	2000 ACTUAL	2001 ACTUAL	2002 ACTUAL	2003 ACTUAL	2004 ACTUAL	2005 ACTUAL	TOTAL
PROPERTY TAXPAYER SUPPORT FOR PUBLIC TELEVISION OPERATIONS	\$ 1,138,711	\$ 1,157,164	\$ 1,196,000	\$ 1,232,000	\$ 1,433,875	\$ 946,000	\$ 1,420,000	\$ 500,000	\$ 700,000	\$ 7,000,000
Operational Tax Levy Included in Public Television Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEBT SERVICE	\$ 254,000	\$ 432,150	\$ 260,062	\$ 706,649	\$ 761,878	\$ 1,151,155	\$ 1,801,817	\$ 2,408,368	\$ 3,191,544	\$ 3,191,544
Principal Reduction	\$ 46,000	\$ 67,850	\$ 238,938	\$ 130,196	\$ 161,102	\$ 324,452	\$ 365,483	\$ 371,569	\$ 375,384	\$ 375,384
Interest Expense	\$ 308,000	\$ 500,000	\$ 500,000	\$ 576,453	\$ 600,776	\$ 826,703	\$ 1,436,334	\$ 2,036,800	\$ 2,816,160	\$ 2,816,160
Total Tax Levy for Public Television Debt Service	\$ 610,000	\$ 1,000,000	\$ 1,000,000	\$ 1,383,102	\$ 1,422,650	\$ 1,951,155	\$ 2,603,650	\$ 3,408,168	\$ 4,387,088	\$ 4,387,088
Total Unpaid Tax Levy for Public Television	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NET LONG TERM DEBT DUE	\$ 534,640	\$ 1,102,460	\$ 1,106,065	\$ 2,617,446	\$ 4,922,568	\$ 8,171,413	\$ 9,435,596	\$ 11,484,228	\$ 11,807,884	\$ 11,807,884

Downtown Milwaukee Campus
 700 West State Street
 Milwaukee, WI 53233-1443

Mequon Campus
 5555 West Highland Road
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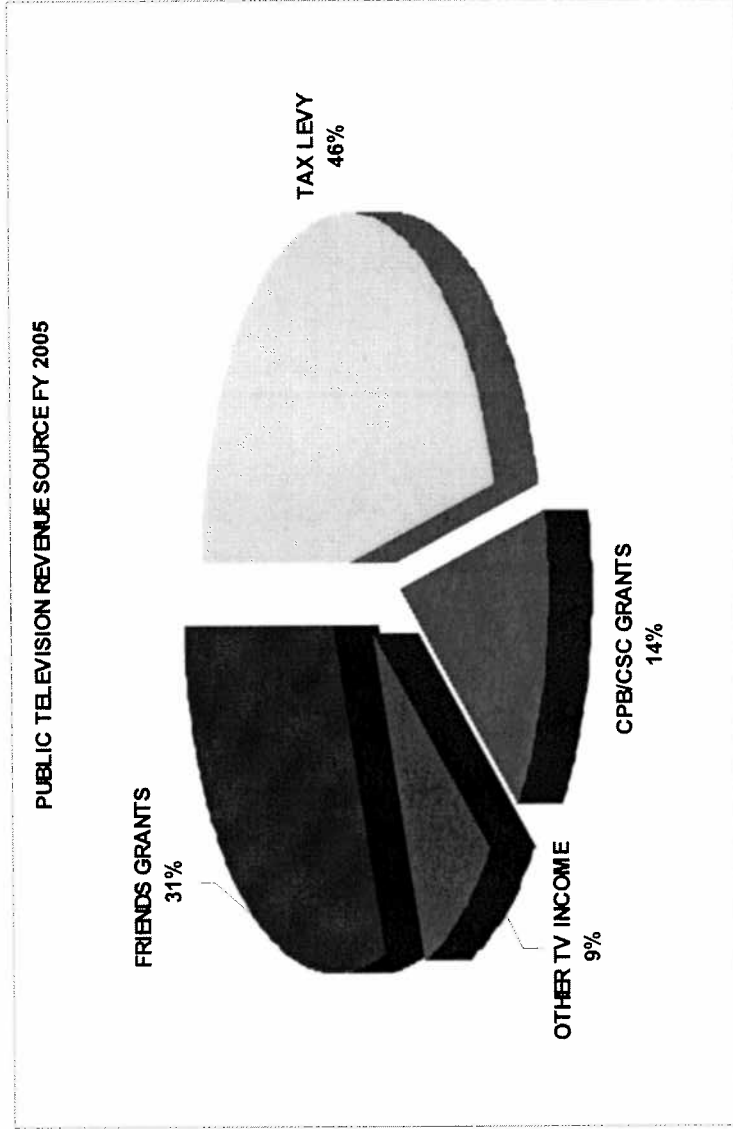
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MATC is an Affirmative Action Opportunity Institution and complies with all requirements of the Americans With Disabilities Act

Appendix 2



Downtown Milwaukee Campus 700 West State Street Milwaukee, WI 53233-1443	Mequon Campus 5555 West Highland Road Mequon, WI 53092-1143	Oak Creek Campus 6665 South Howell Avenue Oak Creek, WI 53154-1107	West Allis Campus 1200 South 71th Street West Allis, WI 53214-3110	MATC.edu 414-297-MATC
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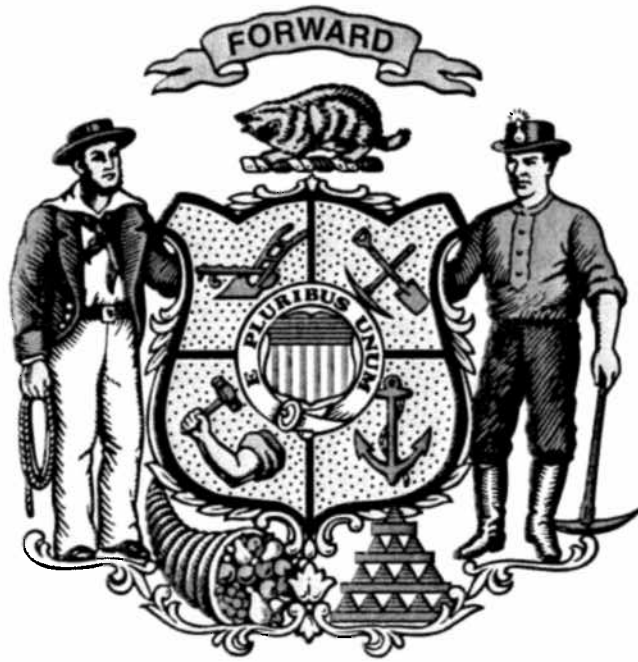
Appendix 3

MILWAUKEE AREA TECHNICAL COLLEGE OTHER ENTERPRISE ACTIVITIES

DEPARTMENT	DEPARTMENT TITLE	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006 YTD
Bookstore	REVENUE	5,412,224	5,981,283	5,965,907	6,052,509	6,345,297	7,257,988	7,970,830	8,086,784	8,838,191	7,842,803
Bookstore	EXPENSE	5,257,302	5,939,120	5,805,301	5,938,324	6,079,872	7,076,426	7,369,684	8,488,001	8,333,113	7,639,504
Bookstore	REVENUE OVER (UNDER) EXPENSE	154,922	42,163	160,606	114,185	265,625	181,562	601,145	(401,217)	505,078	203,088
Food Services	REVENUE	1,312,075	1,373,956	1,328,292	1,407,977	1,345,355	1,361,105	1,745,226	1,690,439	1,740,836	1,274,987
Food Services	EXPENSE	1,789,672	1,952,993	1,911,218	1,907,110	1,951,197	2,035,460	2,628,078	2,496,181	2,567,020	2,251,499
Food Services	REVENUE OVER (UNDER) EXPENSE	(477,597)	(579,038)	(582,926)	(499,133)	(605,842)	(674,355)	(882,852)	(805,742)	(826,184)	(976,532)
Child Care Services	REVENUE	587,796	784,060	1,015,489	819,263	740,126	794,939	947,294	843,180	887,762	712,557
Child Care Services	EXPENSE	1,294,336	1,643,814	1,868,843	1,918,141	1,931,984	2,045,324	2,009,774	2,233,479	2,188,963	1,664,052
Child Care Services	REVENUE OVER (UNDER) EXPENSE	(706,540)	(859,754)	(853,354)	(1,098,878)	(1,191,858)	(1,250,385)	(1,062,480)	(1,390,299)	(1,301,201)	(951,495)
MEC CENTERS	REVENUE	816,245	874,640	928,703	827,179	860,410	880,476	915,317	942,738	1,007,846	655,791
MEC CENTERS	EXPENSE	704,692	886,517	891,772	894,651	892,997	917,734	894,773	1,002,729	1,005,686	732,052
MEC CENTERS	REVENUE OVER (UNDER) EXPENSE	111,554	(11,877)	36,932	(67,473)	(32,587)	(37,257)	20,544	(59,991)	1,950	(76,261)

Note: The bookstore results from FY 2003, 2004 and 2005 are somewhat misleading as the bookstores were having trouble with their inventory systems. During FY 2005 administration completed the installation of a new system and the unplanned variability of value was eliminated.

Downtown Milwaukee Campus	Mequon Campus	Oak Creek Campus	West Allis Campus
700 West State Street Milwaukee, WI 53233-1443	5555 West Highland Road Mequon, WI 53092-1143	6665 South Howell Avenue Oak Creek, WI 53154-1107	1200 South 7th Street West Allis, WI 53214-3110 MATC.edu 414-297-MATC





WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

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

August 29, 2005

Ms. Jeannette Bell, Chairperson
Milwaukee Area Technical College District Board
c/o Mayor's Office, City of West Allis
7525 West Greenfield Avenue
West Allis, Wisconsin 53214

Dear Ms. Bell:

As you may be aware, the Joint Legislative Audit Committee conducted two public hearings on Legislative Audit Bureau report 03-4, *An Evaluation: Milwaukee Area Technical College District*, on July 29, 2003, and June 24, 2004. At each hearing, the Committee heard testimony concerning the findings and recommendations contained in the audit report and received an update on the District's progress in addressing areas of particular concern. As co-chairpersons of the Committee, we have consistently expressed our interest in disciplined follow-up to better assess the District's progress in implementing the recommendations made by the Legislative Audit Bureau.

It has now been more than one year since the Joint Legislative Audit Committee met to consider the management and operations of the Milwaukee Area Technical College District. Therefore, in keeping with our commitment for follow-up, the Committee will hold a public hearing on Tuesday, September 13, 2005, at approximately 12:30 p.m. in Room 411 South of the State Capitol. As chairperson of the District Board, we ask you to be present at the hearing to offer testimony describing the Board's perspective on the District's progress in implementing the audit recommendations and addressing the findings of the audit report. We also ask that you be prepared to discuss the latest information pertaining to the District's budget and overall financial management. We also anticipate a discussion of the District's use of outside legal counsel services, which was described by the Legislative Audit Bureau in its recent letter report (August 2005).

Please contact Ms. Pam Matthews in the office of Representative Suzanne Jeskewitz at (608) 266-3796 to confirm your participation in this public hearing. Please also plan to provide each committee member with a written copy of your testimony at the hearing.

We look forward to receiving your testimony on September 13th. Should you have questions about the hearing, please contact us.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

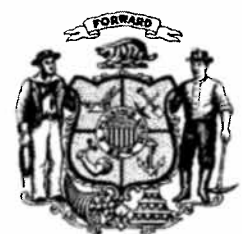
Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller, State Auditor



WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

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

August 29, 2005

Dr. Darnell E. Cole, President
Milwaukee Area Technical College
700 West State Street
Milwaukee, Wisconsin 53233

Dear Dr. Cole:

As you recall, the Joint Legislative Audit Committee conducted two public hearings on Legislative Audit Bureau report 03-4, *An Evaluation: Milwaukee Area Technical College District*, on July 29, 2003, and June 24, 2004. In both hearings, you offered testimony concerning the findings and recommendations contained in the audit report and updated the Committee on the District's progress in addressing areas of particular concern. As co-chairpersons of the Committee, we have consistently expressed our interest in disciplined follow-up to better assess the District's progress in implementing the recommendations made by the Legislative Audit Bureau.

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We look forward to receiving your testimony on September 13th. Should you have questions about the hearing, please contact us.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

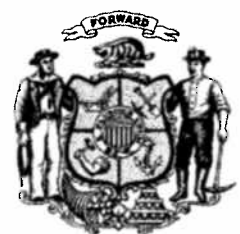
cc: Janice Mueller, State Auditor

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



WISCONSIN STATE LEGISLATURE



SUE JESKEWITZ

State Representative • 24th Assembly District

August 30, 2005

SENT VIA ELECTRONIC MAIL

Lauren Baker
5225 West Vliet Street
Milwaukee, WI 53208

Dear Ms. Baker,



Thank you for meeting with me on Thursday, August 25, 2005 to discuss the status of the Milwaukee Area Technical Colleges Childcare Centers. After reflecting on our meeting I felt it was important to clarify my position on the Childcare Centers as it relates to the recommendation of the Legislative Audit Bureau Report 03-4 to eliminate property tax subsidies for enterprise activities.

As I mentioned more than once, I understand the benefit and the important role the childcare centers play in the framework of the Early Childhood degree program. I also recognize that through the work of the MATC Childcare Task Force there are new ideas and plans to access more state and federal funding and to more fully utilize the centers from a capacity and teaching perspective. I agree with the idea to only permit half-day and full day slots to allow the centers to run more cost-effectively. Increasing the number of students placed at the centers to fulfill their practicum experiences would be using tax dollars more wisely.

I would suggest that the task force and MATC Board should strive to run these centers as a non-profit center would. The goal must be to work towards breaking even. Every avenue for raising funds from sources other than the property tax levy must be vigorously pursued. For example, adjusting rates for both faculty and community members in order to be more competitive with other non-profit daycare centers and to operate at full capacity should be carefully examined. I was disappointed to learn that the County was not invited during registration to sign students up for the Wisconsin Shares program. Asking the county to come in to do this after registration has taken place seems to me to be poor business planning.

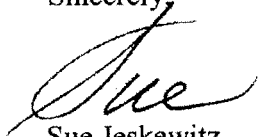
However, I was happy to hear that the unions are open to re-negotiations of their contracts and I wish you success during negotiations to acquire new contracts that will allow the centers to appropriately staff these centers in the most cost effective manner. This re-negotiation will be a key factor in the ability to keep these centers open. Without some major changes, I just don't see how MATC can continue to justify to the taxpayers their continued support of the program.

During these leaner times you need to find better ways to do business. Since our meeting we have learned that other Technical Colleges do have Early Childhood programs and perhaps you should look to see how these other programs are operated. I hope you will not dismiss the creative idea of a drop-off center to accommodate all types of students, including non-traditional students, who need childcare only for short periods of time.

Finally, the task force and board must be receptive to change. They need to be willing to work towards making these centers as cost effective and efficient as they can be. That should include looking to see if all campuses are effectively managed and efficiently utilized. The idea of closing or combining a center(s) at one or more of the campuses cannot be arbitrarily dismissed.

It was a pleasure meeting you and other members of the childcare task force. Thank you for the opportunity to get a fuller understanding of the role the childcare centers play in the curriculum at MATC and in the community at large.

Sincerely,

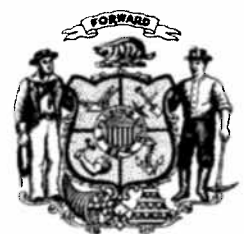


Sue Jeskewitz
State Representative
24th Assembly District

cc: Dr. Darnell E. Cole, President
MATC Childcare Task Force members
MATC Board Members
Richard L. Kettner, Ph.D. Vice President, West Campus



WISCONSIN STATE LEGISLATURE





Daniel Clancy, President
Wisconsin Technical College System
Testimony before the Joint Legislative Audit Committee
Regarding the Legislative Audit Bureau Report 03-04,
An Evaluation: Milwaukee Area Technical College District
September 13, 2005

Senator Roessler, Representative Jeskewitz and members of the Joint Audit Committee, thank you for your invitation to testify regarding Milwaukee Area Technical College's progress in addressing recommendations from the Legislative Audit Bureau 2003 program evaluation of the District.

As was noted at the time of the evaluation, the State Board and the System Office believe that the Audit Bureau provided MATC with practical recommendations for improving college operations. MATC's president, Dr. Darnell Cole is here today to provide the committee with a detailed update of the College's efforts to implement the Audit Bureau recommendations. Before he begins his remarks, however, I'd like to make a few comments on the System's activities to follow-up on this evaluation.

As you know, in the year following the evaluation release, the System Office conducted a review of MATC's implementation of the Audit Bureau's recommendations. At the close of that year, we had found that the College had made good progress in their implementation efforts. Specifically, the College had maintained its bond rating at an Aa2 level, established pricing criteria for contract services and established graduation criteria for the Milwaukee Enterprise Centers.

At the same time, it was clear that the College continued to struggle with difficult financial choices. The District Board had to reallocate funds and draw upon its operating reserves to cover a significant funding shortfall in fiscal year 2003-04. As indicated by both the Audit Bureau and the College in the summer of 2004, significant and permanent adjustments to revenues and expenditures were necessary to protect the long-term solvency of the College's reserve fund.

Making this type of financial change is very difficult, especially at a time when economic conditions require MATC to respond to the growing education and training needs of its local community. The 2004-05 budget adopted by the District Board did, however, include several strategies to address the immediate funding shortfall. The WTCS noted to this committee in June of 2004 that the College's 2004-05 budget was a good first step, but that converting the budget plan into action would be the real challenge facing the MATC board and administration over the next year. Moreover, the System noted that the 2004-05 budget alone would not address the College's long-term budget deficit.

Daniel Clancy, President

A year ago, the System Office committed to four actions to assist the college in the development of a long-term fiscal stability plan. System Office staff have provided assistance to the College's new vice-president of finance and guidance to the College on establishing a clearer and more understandable public record of the MATC Board and administration's work to implement deficit reductions. A member of my staff served on the College's childcare taskforce to develop alternatives to move this service toward greater financial self-sufficiency. And finally, System Office staff have reviewed quarterly progress reports from MATC on year-to-date revenues, expenditures, staffing levels and progress in the college efforts to implement the Audit Bureau recommendations. The last of these reports as well as a summary of the College's 2005-06 budget plans will be shared with the State Board at its next meeting on September 27-28, 2005.

This past year, the District has shown steady progress in maintaining its reserve fund and improving its process for monitoring expenditures and identifying areas of concern. However, the College has struggled to address concerns raised in the evaluation about the need for property tax support for its enterprise activities, including its book store, food service and child care centers. Specifically, the Bureau recommended that the College continue to develop and implement plans to meet its goal of eliminating property tax subsidies for enterprise activities and establish a date certain for accomplishing this goal. The System believes that the establishment of such business plans is critical to provide a roadmap for decisions and to clearly delineate district board and administration long-term expectations for college enterprise activities.

While I am pleased to report that three-year business plans for MATC's enterprise activities were submitted to my office yesterday, we have not yet had a chance to review those plans and; therefore, I am unable to comment on them today. My staff will be discussing the details of these plans with the College and providing a summary analysis to the State Board at the end of the month.

As I mentioned earlier, a member of my staff served on the College's childcare taskforce and Dr. Cole will be providing the committee with a summary of the taskforce's recommendations. I agree that the taskforce worked diligently to develop strategies to maximize utilization of and revenue to the centers. At the same time, considerable tax subsidies are required to fund the centers in their current structure. Concerns remain about the likelihood that the task force recommendations will result in significant long-term reductions in the district tax revenue funds needed to support the childcare centers. For example, achieving the taskforce's goal of a 25% reduction in costs is dependent, in part, on federal grant funding that the district has yet to secure. In addition, the District's decision to reclassify certain childcare costs to its operating budget must be examined to ensure consistency with the System's aidable cost requirements. I am hopeful that the recently submitted three-year business plan for the child care centers will address some of these concerns.

Overall, I believe MATC has worked hard to implement the recommendations from the Audit Bureau's 2003 evaluation and responded to ongoing oversight of these efforts by

the System Office and this committee. MATC is in better financial condition than it was two years ago, and information about college operations is more readily available to the District Board and the community than ever before.

Again, thank you for this opportunity to comment. I would be happy to answer any questions.



Testimony of Dr. Darnell E. Cole

President

Milwaukee Area Technical College

Public Hearing

Before the Joint Legislative Audit Committee

September 13, 2005

Madame Chairpersons – Senator Roessler, Representative Jeskewitz – members of the joint committee, good afternoon. We are also pleased that staff members from the Legislative Audit Bureau are with us as well today. Their thorough and professional approach to our original audit and follow-up reports has been greatly appreciated. Also with me at this table today is MATC District Board chairperson Jeanette Bell. MATC District board member Lauren Baker and members of our college administration are here as well.

Thank you for the opportunity to report on Milwaukee Area Technical College, its current financial position, and our progress in implementing the audit recommendations.

The state audit we are discussing today was conducted approximately three years ago. At that time, we had experienced a budget shortfall in the fall of 2001 and our bond rating received a negative outlook as a result. As you know, we acted on that immediately, balanced our budget, and ended the year with a small surplus. As you also know, our bond rating was reinstated with a stable outlook. Our budgets have been balanced, our bond ratings have remained strong, and we have maintained our reserve fund at required levels since that time.

Nevertheless, we continue to face significant budget challenges that include spiraling health care costs, a projected loss in federal funds used to provide federally-mandated programs for students with special needs, increased expenses necessary to keep instruction relevant, and significant difficulty in addressing wait lists in a number of college programs.

Recognizing those challenges, MATC has undertaken a number of cost saving efforts to capture the funds needed to support our academic mission. In particular, we have frozen a significant number of administrative and staff vacancies throughout 2004 -2005 and have recouped \$1,375,000 for instructional needs. This is a significant accomplishment given that our original savings goal for frozen positions was \$770,000.

As mentioned earlier, MATC is anticipating large increases in health care costs for the current fiscal year. We project those costs to increase by \$2.4 million, which would be an 11.7 percent hike. Currently we are operating under a Memorandum of Understanding (MOU) with labor that requires mutual agreement before negotiation of additional plan changes or premium contributions. This MOU does not expire until June 2007. However, we have proactively enlisted a group of labor and management individuals to look at future benefit options for the college. This step was taken a full two years in advance of the MOU expiration date to educate all parties as to potential options. At the same time, we have asked the unions to open the health care MOU during the upcoming negotiations and, while we have not received written confirmation of approval, we expect that at least several of the units will agree to do so. It should also be noted that we have recently hired a Wellness Coordinator to work with employees in developing healthy lifestyles that should eventually help to reduce health care costs.

At the same time, MATC has experienced difficulty in raising its reserve funds to what I consider to be a healthy level as we struggle to meet the cost of day-to-day operations. Given that MATC has generally been at the 1.5 mil levy limit since 1990, it has never had the discretionary funds necessary to build its reserve appropriately. While board policy requires that we maintain a reserve fund above 10 percent of our budget, I believe that percentage should be much higher.

In that regard, the board has approved a 6.6 percent budget increase for this year. A portion of that increase will be added to the college's reserve fund. It is my position that MATC's solvency is predicated largely upon a reserve fund capable of weathering any unexpected financial storm. Other funds used from this increase would be dedicated to areas essential to the college's operations and to offset, where possible, wait lists for our academic programs. As you can see, we are balancing the need for fiscal solvency and an educated workforce for our region and state with the need for tax relief.

Taxing issues are clearly in mind at MATC, and we were successful in moving below our mil rate limit in 1998 and 2004. Although this year's Activity Plan and Budget would leave us at the 1.5 mil rate, the administration and board are working together to reduce the mil rate to 1.49 for the current fiscal year.

We have also begun testing our budgetary decisions in a number of ways since we last met with you.

First, we have a very active President's Budget Council that assesses all budgetary issues before the college. This council, which includes faculty, staff, and administration, makes recommendations for my consideration and that of the board as we develop the budget. It is chaired by our new Chief Financial Officer, Michael Sargent.

Secondly, the MATC District Board has established a specific list of budget principles that must be followed as the budget is developed. Those principles also serve as the primary guide for the President's Budget Council as well as for MATC District Board members as they review administration's recommendations. I have attached those principles to my remarks for your review.

Next, the MATC District Board has appointed its own Advisory Audit Committee to ensure the balance, transparency, and integrity of all financial information presented. The committee will also assist the MATC District Board in reviewing: 1) the effectiveness of the institution's internal financial control and risk management system; 2) the effectiveness of the internal audit function; 3) the independent audit process; and 4) the institution's process for monitoring compliance with laws and regulations affecting financial reporting and its code of conduct. Membership on the Advisory Audit Committee is also attached to my remarks.

Finally, Mr. Sargent has reformatted the college's financial reports to ensure that they are clear, transparent, and easily interpreted by all participants in the budgetary process.

With regard to the LAB's recommendations from March 2003, I am pleased that the college has completed a majority of the recommendations. As reported last year:

- MATC is now in full compliance with district policy in recovering the full aggregate cost of contracted training;
- MATC has reviewed the use of consultants, reduced services, maintained a clear Request for Proposal process for such procurements, and provides quarterly reports to the board on consulting services;
- MATC complies completely with district policy requiring probationary periods for all employees;
- MATC administration ensures that complete and accurate information is provided to the board in a timely manner, particularly with regard to the financial reports described earlier;
- The MATC District Board adheres to all State Department of Justice guidelines with regard to the Open Meetings law;
- Finally, the MATC District Board has clarified the roles and authority of the board and president in personnel matters.

The college has also completed initial "plans to eliminate property tax subsidies for enterprise activities" that include food service operations, our bookstores, the Milwaukee Enterprise Centers, and child care. Those

comprehensive business plans have been submitted to the President of the Wisconsin Technical College System for formal review.

We have made other progress as well since our last appearance before you in improving the efficiency and effectiveness of our enterprise activities.

With regard to our bookstore operations:

- Margins have been improved through price increases, strategic buying, and a more cost-effective approach toward maintaining bookstore inventory;
- The bookstore is also scheduled to move to a new location closer to student traffic and accessible parking, thereby increasing the potential for even greater margin improvements;
- Stringent cash and inventory controls have been instituted to reduce potential losses;
- A specialty shop has been opened in the Student Center area offering MATC logo products, supplies and convenience items which will also increase our volume sales and margin.

With regard to foodservice:

- We have merged food service operations at our Oak Creek Campus with our instructional culinary arts program, thereby reducing tax support for that service;
- New menus combined with price increases have reduced the overall operating deficit of food service.

With regard to the Milwaukee Enterprise Centers, known as the MECs:

- MATC has evaluated the costs and benefits of the business incubators, has set graduation goals for its tenants, and has improved collections of accounts receivable.

Also, the MATC District Board formed a task force to work with administration to identify changes in the enterprise operation of Child Care Centers to reduce and eventually eliminate taxpayer subsidy.

Recommendations already enacted include:

- ✓ Application to the U.S. Department of Education for a C-CAMPIS grant to help underwrite a portion of the annual operating costs;
- ✓ Price comparisons with other comparable child care centers in the Milwaukee area which resulted in price increases;
- ✓ Reclassification of expenses, where appropriate, to the MATC Early Childhood instructional program;
- ✓ Reclassification of revenue and expense to Student Services where it is clear that no commercial vendor could provide the kind of intermittent service needed by students;
- ✓ MATC continues to work with selected members of the MATC District Board's Child Care Task Force to investigate the feasibility and economics associated with other recommendations from the Child Care Task Force.

At the same time, we acknowledge the importance of having comprehensive business plans for all of our enterprise services. Those plans have been submitted to the President of the Wisconsin Technical College System for formal review.

As you know, there has also been a high degree of interest in child care services at MATC. While not specifically cited in the original Legislative Audit Report, it is assumed that the auditors' intention was that child care would be considered as part of the charge to eliminate tax subsidies for enterprise services. Subsequent correspondence, both from the President of the Wisconsin Technical College System and the co-chair of this body, reinforces that expectation.

Eight months following our first hearing on the audit, I recommended to the MATC District Board that a number of changes be made to meet that objective. Those recommendations, which included the closure of two centers, were tabled and a Child Care Task Force was created by the board to explore other funding options that would offset costs in FY 2005-06 "at least to the level of 25 percent for non-teaching costs."

The Child Care Task Force began meeting last September and was chaired by a member of the MATC District Board. Task force members included representatives from community and educational agencies with a particular interest in child care as well as MATC staff from our child care centers, MATC Foundation, grants office, Financial Services Division, and college administration.

A representative of the Wisconsin Technical College System office also served on that task force.

The Child Care Task Force worked diligently to develop funding and operational options that would produce a 25 percent reduction in nonteaching costs. Those recommendations were presented in April of this year and the MATC District Board directed the administration to address them. A number of recommendations, which I listed earlier, were implemented and it appears as though the 25 percent mark will be reached this year.

As a parent and educator, I do value the child care profession and its crucial role in today's society. This student service makes education possible for about 150 parents each year. However, I continue to be concerned about our long-term capability to maintain child care services at their current levels for students, employees, and community members. As noted in a recent letter from Representative Jeskewitz, we must be open to change. We must work toward greater cost effectiveness and efficiency, new approaches to service delivery, and reconfiguration as it relates to underused facilities.

Again, I want to thank both the Legislative Audit Bureau and the Legislative Audit Committee for your work on behalf of the college and the community we serve. I believe we have made great progress. I am confident that the few remaining issues will be resolved quickly and responsibly.

Thank you.

MILWAUKEE AREA TECHNICAL COLLEGE
2005 - 2006 BUDGET
BUDGET PRINCIPLES

Principle I: Quality Learning and Student Success

Invest in high quality instruction and services that help all students to be successful.

- 1 A This program provides high paying jobs with employer demand.
- 1 B This program has high graduation, transfer, and/or job placement rates.
- 1 C This program supports emerging growth occupations.
- 1 D This program utilizes innovative, instructional methodologies (i.e. bilingual, distance learning).
- 1 E This program and/or service has high student demand.
- 1 F This program and/or service to students supports attracting and retaining a diverse population.
- 1 G This program and/or services provides access for under-prepared and under-served populations.
- 1 H This service/program to students supports high retention.
- 1 I This program/function is needed to provide high quality programs and services for students utilizing state-of-the-art technology.

Principle II: Long-term Sustainability and Infrastructure

Invest in the college's long run capacity to serve students to sustain economic well-being for our community.

- 2 A This function is needed to provide adequate physical facilities and equipment to sustain college programs and services as determined by Principle I.
- 2 B This function is needed to adequately support the physical facilities for a safe, clean and healthy environment.
- 2 C This function helps partnerships that are needed to support long-term sustainability and help the college to fulfill its mission.
- 2 D This function is necessary to generate external net revenue (other than state aid, tuition/fees, tax levy).
- 2 E This function provides technology that is necessary to support productive business processes.

Principle III: Diverse and High Performing Workforce

Invest in the college's workforce and value the contributions of its employees to the mission.

Promote high performance in the workplace through effective policies and practices.

- 3 A This function provides resources, skills, and training that is necessary for employees to do their jobs and support student learning.
- 3 B This function/program provides resources that are needed to attract and retain an effective and diverse workforce.

Principle IV: Community Focus and Enrichment

Provide community services or self-enrichment activities that add to the area's quality of life, lifelong learning opportunities and the college's visibility.

- 4 A This function/program provides resources that are needed for public broadcasting services to ensure that they are able to remain viable and an essential communications resource.
- 4 B This function/program promotes the academic activities of the college and is needed to ensure that the public is aware of its many programs and services.
- 4 C This function provides needed legislative support for MATC and its initiatives.
- 4 D This function/program provides resources that are appropriate to meet community demand for self-enrichment courses.

MATC ADVISORY AUDIT COMMITTEE (AAC)
PROPOSED MEMBERSHIP & SUPPORT
April 15, 2005

- I. Advisory Audit Committee Members (MATC Board Members):
 - A. AAC Chair—Bobbie R. Webber, FPO Chairperson
 - B. Mark S. Maierle, Chairperson
- II. Advisory Audit Committee Members (Non-MATC Board Members*):
 - A. Dr. Robert B. Yahr, CPA—Associate Professor of Accounting at Marquette University; Technical Director of the Governmental Reporting and Awards Through Evaluation Program; and Member WICPA’s Financial and Governmental Accounting Task Force.
 - B. Ms. Bonnie Baerwald, CPA—Vice President of Financial Management at Moraine Park Technical College who previously worked for Grant Thornton LLP.
 - C. Mr. Tom Wieland, CPA—Partner at Reilly, Penner & Benton LLP with governmental accounting expertise.
 - D. Ms. Anne Szczygiel—Former Milwaukee County Department of Administration Budget Analyst & Budget Unit Manager (25 years).
- III. AAC Special Advisor to the AAC Chair—Mr. Craig Piotrowski, CPA.
- IV. Administrative Assistant to the AAC Chair—Ms. Caryn Dohring
- V. Other—attached for discussion purposes.
 - A. Preliminary Advisory Audit Committee Charter (Draft).
 - B. May 10, 2005, initial meeting agenda (Draft).

* Non-MATC Board Members have all agreed to be active members of the MATC Advisory Audit Committee without compensation except for Committee related expense reimbursement.



Kate Wade, LAB

Senator Roessler, Representative Jeskewitz.

As we take up this final agenda item, I'd like to provide the Committee with a brief overview of the timing of our evaluation at Milwaukee Area Technical College and the subsequent follow-up activities.

In late 2001, legislators expressed concern about the financial condition of the District and requested an audit.

In March 2003, we released our audit report. We concluded the District's financial condition had improved but they needed to continue to monitor their finances. We also identified a number of items requiring management's continued attention, including:

- Ensuring compliance with the district's policy for cost recovery on training contracts;
- Reviewing the use of consultants, including legal counsel, in light of internal capacities;
- Establishing a date certain to eliminate property tax subsidies for the enterprise activities of food service and child care; and
- Monitoring the escalating costs of health care insurance for employees and retirees.

In July 2003 and June 2004, the District testified before this Committee on progress made in implementing our recommendations and the continued improvement in the District's financial condition.

The Wisconsin Technical College System State Board was active as well following the release of our report in monitoring financial concerns in the Milwaukee district, and received presentations from President Cole and his staff. State Board staff also served on the College's Child Care Task Force, which was formed in June 2004.

As of April 2005, the State Board staff reported a limited number of on-going concerns to the State Board.

- Property tax subsidies were continuing to be necessary for enterprise activities, including child care.
- Efforts were underway to ensure adequate detail was made available to the Board in planning documents related to the enterprise activities.

In the 2005-06 budget approved by the District board in June, \$1.24 million in property tax funds were allocated to subsidize child care.

To provide you with some context for that figure, at the time of our report release, the property tax subsidy budgeted for child care in FY 2002-03 was \$1.0 million.

I'd like to bring to your attention other management issues that have been reported over the past 18 months. In our June 2004 update for the Committee, we noted expenditure and athlete eligibility issues in the College's athletic department.

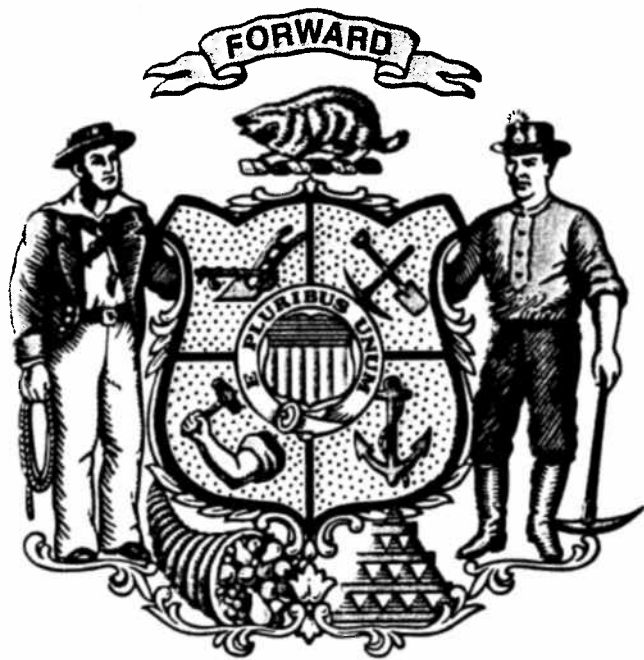
In May 2005, the District filed suit against the contractor who administered the District's worker's compensation program from 1993 to 2004. The contractor was charged with felony theft by fraud, and admitted to submitting false account reports to MATC for more than \$1.6 million.

In August, last month, the Board confirmed the selection of a Dean. Press accounts indicate a grievance was filed by the union because they believe the hiring process did not conform to the terms of the union's contract with the District.

Madame Chair, I hope you find this overview helpful.

Y:\MATC\September2005JAC

9/12/05



IV. (12:30 p.m.) *Follow-up: Milwaukee Area Technical College District*

A. **Background**

This follow-up hearing is the next in a series of steps outlined by the co-chairs in previous public hearings.

B. **Timeline**

March 12, 2003, the Legislative Audit Bureau released *An Evaluation: Milwaukee Area Technical College District* (report 03-4).

July 29, 2003, the Joint Legislative Audit Committee held the first public hearing on the report. In that hearing, the co-chairs indicated a preference for additional follow-up in about one year. However, in the interim, the District made a series of reports to the Wisconsin Technical College System Board about their status in implementing the report recommendations.

June 24, 2004, the Joint Legislative Audit Committee held a follow-up hearing on the report. In that hearing, the co-chairs indicated a preference for additional follow-up in about one year.

C. **Testimony Order**

1. LAB (Janice Mueller, State Auditor; Kate Wade)
2. Legislators?
3. President Daniel Clancy, Wisconsin Technical College System Board
4. President Darnell Cole, Milwaukee Area Technical College District
5. Chairperson Jeannette Bell, Milwaukee Area Technical College District Board
6. Public testimony

D. **Potential Questions**

1. **Cole** – Please update us on the efforts to ensure compliance with the district's policy for cost recovery on training contracts.
2. **Cole** – Have you established a date certain by which time property tax subsidies for enterprise activities (food service and child care) will be eliminated?
3. **Bell** – What steps does the Board plan to take to determine the appropriateness and control costs of outside legal counsel services?
4. **Bell** – Please characterize the Board's plans for the future of the child care center? Will this enterprise activity continue to be funded with property taxes?



Recommendations

Our recommendations address the need for MATC to:

- comply with district policy requiring aggregate full cost recovery for training contracts (p. 36);
- develop and implement plans to eliminate property tax subsidies for enterprise activities (p. 37);
- evaluate the costs and benefits of the Milwaukee Enterprise Centers (p. 41);
- review the use of consultants, especially in light of expanded internal capacities (p. 45);
- clarify the roles and authority of the Board and the president in personnel matters (p. 48);
- ensure that complete and accurate information is provided to the Board in a timely manner (p. 61);
- comply with district policy regarding probationary periods for new employees (p. 62); and
- seek guidance from the Wisconsin Department of Justice regarding its use of closed sessions (p. 63).



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MATC president starts with shakeup

College leader shuffles positions in hopes of bolstering efficiency

Karen Rivedal Wisconsin State Journal
July 21, 2005

New president Bettsey Barhorst is making her mark on Madison Area Technical College in a big way, leading a major reorganization designed to improve the efficiency of all college functions.

The shakeup, under way since May, is the first restructuring since 2002. Earlier this month, Barhorst announced the first piece of the plan, in which the college's several major divisions will be reshuffled under three overarching departments headed by new vice presidents.

"We're looking at what works, what doesn't work and what can stay the same," Barhorst said Thursday. "We're looking at every place in the college where we replicate something. We want to try to be more efficient."

Barhorst sponsored eight listening sessions around the district to ask faculty members and staff for their opinions about needed changes. She also briefs employees about the process in a weekly e-mail and created a password-protected Web site known as "Reorg 101," where people can leave anonymous comments.

But Barhorst, 59, who took over at MATC six months ago, acknowledged the changes were causing some heartburn.

"I've heard some uncertainty," she said. "I've tried to keep reassuring people. But the problem is they don't know me, because I'm still new."

MATC board chairman Gerald McGowan said Barhorst cited concerns about the college's organizational structure as early as her job interview.

"We've been very supportive," McGowan said. "I personally feel it's going to make the organizational structure much easier to follow and get information (communicated up the chain) in a much more efficient way."

As part of the restructuring, Barhorst is requiring most former leaders to reapply for their posts, and there's no guarantee that certain jobs will still exist when it's finished next January. But Barhorst said no one who is willing to make changes will be fired.

People also won't see their salaries cut as the result of any moves, she said, though raises could be stymied.

"We're not kicking anyone out," she said. "We're finding where we think their talents would be best used."

But both McGowan and Barhorst said the changes would not necessarily save money, noting that isn't the main purpose of the shifts.

Administrators closer to MATC's learning programs said they were generally hopeful about the pending changes.

Marilyn Rinehart, the associate dean for nursing programs, said she especially liked the decision to put one of the vice presidents in charge of infrastructure. That's a new approach for MATC, which serves about 50,000 students annually in a district that covers all or parts of 12 counties.

"Our systems need work," she said, noting compatibility problems with some of the college's software programs. "We've grown so much."

Rinehart also praised Barhorst's decision to hold off on reorganizing classroom programs until faculty members return from summer break.

The three new vice presidents are Rebecca Baumbach, who was put in charge of strategic advancement; Debra Derr, who will lead learning programs; and Rick Graves, the interim head of infrastructure.

With input from faculty and staff, those people will determine where to place all of the college's divisions and departments within the three broad areas, Barhorst said.

Derr was a top assistant to Rose Ann Findlen, the college's former provost and No. 2 leader. But Findlen voluntarily stepped down from that post in May and will retire next June, Findlen and Barhorst said.

Findlen was MATC's acting president for more than a year while the board searched for a new leader to replace Beverly Simone, who resigned in August 2003. Findlen remains on staff at her provost's salary of \$182,739 as an assistant to Barhorst, with additional duties including grant applications and accreditation issues.

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