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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)



## **Testimony of Jeannette Bell**

Milwaukee Area Technical College

June 20, 2006

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Honorable Senators and Representatives:

I am honored to represent the MATC District Board here today. Because we have a lot of ground to cover, and you have many questions, my formal testimony will be brief. While I serve as board chairperson, let me be clear that I would never presume to speak for other board members. Our board is made up of strong-willed, independent, and distinct individuals. Each of us brings different perspectives to the job. The MATC District Board is proud to be a democratic body firmly vested in free and open discussion.

From my own personal perspective, first I want to express my support for Dr. Cole and his administrative team. They have greatly enhanced communication with the board, especially on budget matters. In their leadership of the college, they have maintained a high level of service, always using the most cost-effective approach. I never want to spend the people's money foolishly; neither does the Cole administration.

At the same time, I believe strongly in MATC's mission. Without us, economic development would not be possible. Economic development needs skilled workers in order to happen. Employers need MATC more than ever. So does the community as a whole. For countless people, MATC has been the difference between a life of hopeless poverty and the opportunity to join the middle class. So, I am convinced

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that public investment in MATC is a very wise investment. I believe the state of Wisconsin should be increasing its investment in technical education.

I am as sensitive to issues of taxation as you are. Like you, besides serving on the MATC District Board, I am a long-time elected official. We must always maximize the people's investment. I am convinced that MATC has done so. Some observers want to portray us as a rogue institution, wildly out of control. The true facts show otherwise. MATC's finances have been managed responsibly, although I would be the first to acknowledge that we are not perfect. There is always room for improvement.

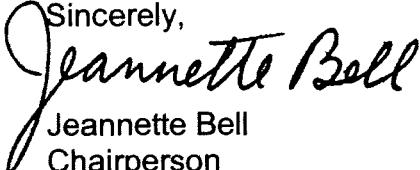
At our budget hearing last week, it was uplifting to see such an outpouring of support. And yet, I came to the meeting prepared to hear other voices. I really did want to hear from the people who have been critical of MATC.

As public servants, appointed or elected, we must always be open to public input. Good outcomes arise from a diversity of opinions and views. I and my fellow board members are eager to hear them.

With regard to MATC's FY 2007 budget, I believe it capably performs a difficult balancing act, preserving and even expanding essential services. Yet it also reins in non-vital spending. I do not believe that our property tax levy would be going up unless the state's commitment to technical colleges was not continuing to go down. There are many, many other complexities, but that is the central issue.

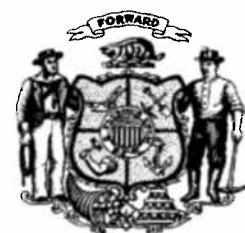
In closing, I want to come back to what I said about there always being room for improvement. Continuous quality improvement is a cornerstone belief of the Cole administration. These last five years have seen enormous positive change, especially in the area of partnerships. For example, you will be reading and hearing a lot about the new Center for Energy Conservation and Advanced Manufacturing – ECAM – at the Oak Creek Campus. This project was put together by major employers, trade unions, and MATC, all working together. We break ground July 10, and you are all invited to attend.

When people refer to MATC as "the college that works," they are referring mainly to the practical payoff provided by an MATC education. But MATC also works in the sense that it is capably managed and responsive. I continue to be proud to be associated with the college. I am humbled to be able to contribute to its continuing success.

Sincerely,  
  
Jeannette Bell  
Chairperson  
MATC District Board of Directors



# WISCONSIN STATE LEGISLATURE





**Darnell E. Cole**  
President

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June 20, 2006

Honorable Senators and Representatives:

This report updates you on the progress of Milwaukee Area Technical College in addressing issues raised by our 2003 audit. First, though, I will briefly discuss recent concerns about spending and taxes. Our main points:

- Operating costs have been running just slightly ahead of inflation.
- State aid has been running just slightly behind inflation.
- To cover the difference, both property taxes and tuition have gone up.

In understanding MATC expenditures, actual operating costs must be set aside from the total annual budget. The budget encompasses such things as federally funded financial aid to students. Some appropriations are counted twice. Our tentative 2007 budget contains a proposed increase in total spending of under 2 percent.

### **MATC Operating Costs**

Over the last six years, annual operating costs have risen 2.4 percent above Consumer Price Index. While we understand that we need to improve on that performance, it does not indicate out-of-control spending. Fiscal discipline has arrived and is working.

Five major factors are driving cost increases at MATC:

- Contractually required step and class wage increases.
- Rising health care expense.
- Fringe benefits for a growing retiree population.
- Increase in the number of classes taught.
  - ✓ Full-time-equivalent enrollment has risen 10.4 percent since 2001.
- Much higher utility bills.

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We are addressing the first three issues in the current contract talks with our employee unions. Regarding energy bills, we are moving rapidly toward increased self sufficiency. A wind tower is being installed at the Mequon Campus for instructional purposes, but also to provide up to 10 percent of the campus's energy needs. This is part of a college-wide emphasis on sustainable energy solutions through which MATC plans to gain semi independence.

Our enterprise activities continue to operate at a net deficit because of pressures to not cut valued non-curriculum services such as food service. For all enterprise funds, the annual operating deficit over the last six years has outpaced CPI by 1 percent. We believe child care is an access issue for the many working parents who attend MATC. At the same time, the administration has proposed finding efficiencies in the way we provide this service. Discussion continues, with outstanding work being done by our board's Task Force on Child Care.

With respect to salaries, our long-range goal is to substantially reduce our salary encumbrance, which currently accounts for 91 percent of operating costs. This commitment has been demonstrated in an approximate 25 percent cut in administrative employees since 2001. In the current fiscal year, we held open numerous positions, both in the instructional and administrative ranks. Contractual obligations have prevented us from eliminating any teaching positions. MATC offers competitive teacher salaries, which has helped us assemble a quality faculty. Understanding the need for wage restraint, we are attempting to effect change in several major areas in our current contract talks.

### **MATC Revenues**

Our preliminary projected property tax increase of 5 percent for 2007 is 1.6 percent lower than last year's increase. In total dollars, it would be the lowest increase in three years. But please remember that we are just beginning our 2007 budget work. The really hard work happens in September and October. The final levy could change.

MATC's property tax levy has grown at a faster rate than our operating expenses mainly because state aid has lagged 1.2 percent behind inflation. Various other revenue streams also have shrunk. Property taxpayers and also students have been asked to make up the difference. This gap has compounded over time and is getting worse every year. It is why state aid constitutes an increasingly small portion of MATC total revenues.

If we are forced to lower the tax levy significantly, services would have to be cut. As this debate plays out, demand for our services is increasing. Only last week, the *Milwaukee Journal Sentinel* ran a major report expressing concern that the system is not producing enough skilled workers. This situation poses an economic crisis for Milwaukee. MATC is committed to helping lead the search for solutions.

## **A Wise Investment**

MATC has maintained its historically strong commitment to technical training while at the same time supporting Wisconsin's strategic need to grow the number of people with bachelor's degrees and above. Transferability of MATC courses within the technical college system and to partner universities has been greatly expanded. At the same time, we have formed new partnerships to serve emerging workforce needs.

A prime example is our Center for the Digital Arts at the new Discovery World on Milwaukee's lakefront. It will be the state's most progressive center for education in multimedia and other emerging interactive technologies. This partnership will expand class space, update instruction for hundreds of students enrolled in various programs related to digital communications, and provide key opportunities to introduce young and adult audiences to the value of technical training. The center is expected to produce more than 100 graduates per year in Graphic Design, E-Commerce/Web Administration, Photography, Information Technology, Music Production, and Television Production.

At our Oak Creek Campus, MATC is developing the center for Energy Conservation and Advanced Manufacturing, designed to reinvigorate manufacturing in southeastern Wisconsin. Major employers, including Johnson Controls and local trade unions, helped develop and fund the project, scheduled to open in 2007 with a ground breaking ceremony on July 10. ECAM will offer many expanded training opportunities for companies such as Bucyrus International, which recently helped us develop a special training program in heavy-plate welding.

You can rest assured that students, taxpayers, employers, and the community in general are getting their money's worth and then some from MATC.

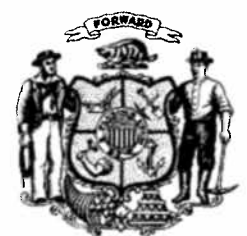
Sincerely,



Darnell E. Cole  
President



# WISCONSIN STATE LEGISLATURE







**Darnell E. Cole**  
President

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## **Testimony of Dr. Darnell E. Cole**

Milwaukee Area Technical College

June 20, 2006

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Honorable Senators and Representatives:

As president of Milwaukee Area Technical College, I appreciate this opportunity to appear before the committee today and answer your questions. We are here to give you an update relative to our 2003 audit. You will see that in many areas we have made progress, while other areas still need work. Overall, our finances are healthy – the strongest they have been since I became president in 2001. We continue to respond quickly and creatively to rapidly changing workforce needs.

While I expect that these proceedings will revisit the specific audit recommendations, I understand that spending and taxes are the two broad concerns that bring us here today. Our written report to the committee responds in detail, but please allow me to summarize. MATC's financial data for the last six years shows the following:

- Operating costs have been running just slightly ahead of inflation.
- State aid has been running just slightly behind inflation.
- To cover the difference, both property taxes and tuition have gone up.

Our preliminary projected levy increase for 2007 is 1.6 percent lower than last year's increase. In total dollars, it would be the lowest increase in three years. At the rate inflation is growing, we will likely not be much above it. But please remember that we are just beginning our 2007 budget work. The really hard work happens in September and October, when the MATC District Board annually finalizes the levy.

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MATC finances are well under control. The new budget calls for an increase in total spending of just under 2 percent. While our annual increase in operating costs has outpaced the Consumer Price Index, it was only by a small margin – 2.4 percent. We understand that we need to improve on that performance, but it does not indicate out-of-control spending. Fiscal discipline has arrived and is working.

Five major factors are driving cost increases at MATC:

- Contractually required step and class wage increases.
- Rising health care expense.
- Fringe benefits for a growing retiree population.
- Increase in the number of classes taught.
  - ✓ Full-time-equivalent enrollment has risen 10.4 percent since 2001.
- Much higher utility bills.

We are addressing the first three issues in the current contract talks with our employee unions. One thing we are doing to try to control utility costs is to become more self sufficient. A wind tower is being installed at the Mequon Campus for instructional purposes, but also to supply up to 10 percent of the campus's energy needs. This is just part of a college-wide emphasis on sustainable energy solutions.

Our long-range goal is to substantially reduce our salary encumbrance, which currently accounts for 91 percent of operating costs. This commitment has been demonstrated in an approximate 25 percent cut in administrative employees since 2001. In the current fiscal year, we held open numerous positions both in the instructional and administrative ranks. Contractual obligations have prevented us from eliminating any teaching positions. MATC offers competitive teacher pay, which has helped us assemble a high-quality faculty. We are, however, attempting to effect change in several key areas.

Regarding our tax levy, it has grown primarily because state aid has not kept up with inflation. Property taxpayers and also students have been asked to make up the difference. If we are forced to lower the tax levy significantly, services would have to be cut at a time when demand for our services is increasing. As was reported prominently only last week in the *Milwaukee Journal Sentinel*, manufacturers in some industries are experiencing severe shortages of skilled workers. This situation poses an economic crisis for Milwaukee. The employers we work with tell us that they absolutely do not want workforce training to be cut.

### **A Wise Investment**

Please know that MATC is investing in the future. We have maintained our historically strong commitment to technical training while at the same time serving Wisconsin's strategic need to grow the number of people with bachelor's degrees and above. Transferability of MATC courses within the technical college system and to partner universities has been greatly expanded. At the same time, we have formed new partnerships to serve emerging workforce needs.

One example is our Center for the Digital Arts at the new Discovery World on Milwaukee's lakefront. It will be the state's most progressive center for education in multimedia and other emerging interactive technologies. At our Oak Creek Campus, MATC is developing the center for Energy Conservation and Advanced Manufacturing, designed to reinvigorate manufacturing in southeastern Wisconsin. Major employers, including Johnson Controls,

and local trade unions helped create and fund the project, scheduled to open in 2007 with a ground breaking ceremony on July 10.

ECAM will offer many expanded training opportunities for companies such as Bucyrus International, which recently helped us develop a special training program in heavy-plate welding. MATC also is playing a leading role in energy education. College-wide, including the aforementioned wind tower, we are introducing sustainable solutions that will gain us a measure of independence from fossil fuels, while at the same time serving as advanced tools for teaching and learning.

I am honored to lead this great college that is making so many positive contributions to the community.

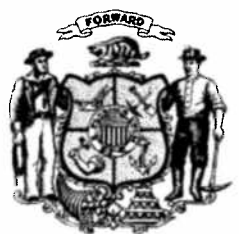
Sincerely,

A handwritten signature in black ink that reads "Darnell Cole". The signature is written in a cursive style with a prominent initial "D".

Darnell E. Cole  
President



# WISCONSIN STATE LEGISLATURE





## **Report to the Joint Legislative Committee on Audits**

Milwaukee Area Technical College  
June 20, 2006

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## **Contracted Training**

### **Audit Recommendation:**

MATC should adhere to its policy of not allowing reduced-rate contracts unless contracted training is breaking even on aggregate.

### **MATC Response:**

We redesigned our policy to allow flexibility. The Office of Corporate Learning, our main provider of contracted training, now recovers 115 percent of full costs. Pricing is now consistent.

## **Enterprise and Auxiliary Services**

### **Audit Recommendation:**

MATC should develop and implement plans to eliminate property tax subsidies for enterprise activities.

### **MATC Response:**

For the committee's information, we are attaching charts and illustrations showing performance outcomes for enterprise and auxiliary services. Since 2001, annual operating deficits for enterprise activities at MATC generally have tracked inflation.

For 2006, childcare enterprises operated at a loss of \$951,495. In the last two years, we have taken a very hard look at child care. Child care is an access issue for the many working families who attend MATC. However, the administration has proposed ways to deliver this service more efficiently (attached is the Administrative Report submitted to the MATC District Board on May 15, 2006). Discussion continues along with aggressive pursuit of grant funding, led by the MATC District Board's Task Force on Child Care. In the coming year, we may lose up to \$200,000 in reimbursements from the Wisconsin Shares Child Care program. This illustrates how fluctuations in our revenue streams cause a disconnect between operating costs and tax levy.

The MATC bookstore generated a profit of \$203,098 in 2006.

Food service operated at a deficit of \$976,532 in 2006. The college is working to re-engineer hourly staffing for food services to reduce costs and is developing strategies for modifying food selections toward items providing better margins on sales. The now-completed Atrium Marketplace, adjacent to the redeveloped Student Union, is well positioned to generate increased long-term sales.

Our two Milwaukee Enterprise Centers (MECs) show a deficit this year of \$76,261. This is due partially to the loss of major tenant Allen-Edmonds Shoes. The college is examining a possible budget-cutting reconfiguration of this service in relation to community needs.

## **Milwaukee Enterprise Centers**

### **Audit Recommendation:**

MATC should evaluate the costs and benefits of the Milwaukee Enterprise Centers. Specifically, MATC should establish "graduation" goals for each tenant, track job creation, and report quarterly financial results.

### **MATC Response:**

As recommended by LAB, we provide the MATC District Board with quarterly reports on finances and job creation. We have set graduation goals. We continue to evaluate the MECs' performance.

## **Consulting**

### **Audit Recommendation:**

MATC should review the use of consultants, especially in light of expanded internal capacities.

### **MATC Response:**

We reviewed the use of consultants and found no overlap with internal resources. The MATC District Board now receives quarterly reports on consultant use. We have retained our community relations consultant, who serves as a critical liaison to minority groups.

Similarly, we have continued to contract with Broydrick & Associates, who provide the college with government/community affairs services at the local, state, and federal level. Broydrick & Associates has offices in Milwaukee, Madison, and Washington D.C., so they are able to provide the college with assistance in seeking financial support for educational instruction at all three levels of government. With Broydrick & Associates' assistance, MATC was able to secure federal funds exceeding \$200,000 for expansion of our nurse training program at our Oak Creek Campus in 2004-05; and with their assistance, we are seeking an additional \$500,000 in federal funds for healthcare and childcare training in the 2007 federal budget.

Legal consulting fees paid to Michael Best & Friedrich reflect the complex and varied legal issues we confront. It is difficult to compare us with the other technical colleges because we are so much larger. Even so, we spent less in outside legal services over each of the past three years. The retainer agreement has been steadily reduced as we have developed increased in-house legal capacity. We also have gained capacity in other areas that previously relied heavily on outside counsel. Specifically, our Human Resources and Labor Relations offices have become much more sophisticated and have adopted a proactive, rather than reactive, philosophy. Legal costs fluctuate from year to year due to unpredictable litigation needs, but we have been able to leverage much better value on the dollar.

## **Probationary Periods**

### **Audit Recommendation:**

The MATC District Board should comply with district policy regarding probationary periods for all new employees.

### **MATC Response:**

The instances cited were oversights. There have been no repeat incidents.

## **Closed Sessions**

### **Audit Recommendation:**

The MATC District Board should seek guidance from the Department of Justice regarding its use of closed sessions.

### **MATC Response:**

We did as suggested and determined that there have been no open meetings violations. The MATC District Board had the benefit of a presentation by Assistant Attorney General Bruce Olsen of the State Justice Department. We believe the board's use of closed sessions has been appropriate and lawful. We will continue to abide by the Justice Department guidelines.

## **Personnel Authority of the President**

### **Audit Recommendation:**

The MATC District Board should review its policies to ensure they clearly delineate the role of both the board and the president, including any delegated authority in personnel matters the board chooses to vest in the president.

### **MATC Response:**

Since the audit was completed in 2003, the MATC District Board has continuously attempted to refine and strengthen its policies in this regard. These discussions were held both at their regular meetings and at board retreats. However, as the audit points out, consensus has been hard to reach. For board discussion, we did prepare a summary of existing policies and agreements relative to this issue.



## **Communication with the MATC District Board**

### **Audit Recommendation:**

The administration should ensure that complete and accurate information is provided to the MATC District Board in a timely manner.

### **MATC Response:**

We have improved communication not just with the MATC District Board, but with the entire college community, through a monthly e-newsletter called Communique. We want to communicate quickly, but we are also aware of the problems that can arise from not communicating accurately.

## **Ancillary Issues**

While not making recommendations, LAB discussed a number of ancillary issues. The following section addresses those that are of continuing concern.

## **Debt Rating**

### **Audit Discussion:**

MATC's debt rating has remained stable at Aa2 since 1997. Moody's Investors Service attached a "negative outlook" in December 2001, predicated on limited leeway to raise taxes, declining general fund balance, labor contracts granting employee raises, and the potential for structural imbalance. Moody's removed the negative outlook in December 2002, predicated on reversal of a projected \$3.5 million deficit. Cost-cutting measures saved \$4.4 million.

MATC's debt rating is in the middle of the range for Wisconsin technical colleges. It compares favorably to other public entities such as the state of Wisconsin and Milwaukee County.

### **MATC Comment:**

It also should be noted that Wisconsin technical colleges as a group have outstanding bond ratings. For us to be in the middle of that group puts us in some extremely good company. Occasional use of reserves to cover year-end variances has not lowered our rating. We have received favorable feedback on our conservative budgeting for FY '07.

## **Property Tax Revenue**

### **Audit Discussion:**

MATC reached its statutory mill rate limit in 1990. Its tax levy cannot be increased beyond the annual rise in the district's equalized property value. MATC has the second-highest mill rate in the technical college system. The percentage growth in equalized value in the MATC District has been significantly lower than for the other 15 districts as a whole.

From 1998 to 2003, the total equalized property value in the MATC District grew about 24 percent; equalized property value for the rest of the state grew much faster – about 35 percent. From 1998 to 2003, MATC’s average levy growth was 4.6 percent, while the average growth in the Consumer Price Index was 2.4 percent.

**MATC Comment:**

The growth in our tax levy has been due mainly to state aid lagging behind inflation. Taxpayers and also students have been asked to make up the difference. While inflation has averaged 2.8 percent annually since 2001, state aid to MATC increased 1.6 percent annually – a gap of 1.2 percent. (The 1.6 percent annual increase in aid came about because full-time-equivalent enrollment grew at the average rate of 1.7 percent per year.) This gap has compounded over time and is getting worse every year. It is why state aid constitutes an increasingly small portion of MATC revenues. Our preliminary projected property tax increase of 5 percent for 2007 is 1.6 percent lower than last year’s increase. In total dollars, it would be the lowest increase in three years.

**Reserve Fund**

**Audit Discussion:**

Since 1997, MATC has maintained its reserve fund just above or below the minimum 10 percent of its general fund balance.

**MATC Comment:**

Reserves have been strengthened to include potential settlement costs for our new labor contracts.

**Employee Wages and Benefits**

**Audit Discussion:**

Recent total compensation increases have exceeded budgeted amounts, with salary increases for instructors at MATC higher than for instructors at other state technical colleges. MATC did not proactively manage rapidly increasing health care costs, leading the district to pursue an emergency health insurance procurement in April 2002.

MATC achieved significant health plan benefit changes in January 2003. However, it agreed to forego further changes until June 2007, unless mutually agreed upon with its unions. New two-year contracts with represented employees were reached in November 2001. A joint labor-management committee was formed to negotiate and recommend future changes to health benefits.

MATC offered higher increases in wages than initially had been budgeted – 4 percent versus 3.8 percent. Moody’s Investors Service cited the increases in attaching a “negative outlook” to MATC’s bond rating in December 2001.

From 1998 to 2003, MATC negotiated annual teacher salary increases of at least 4 percent, higher than at other state technical colleges. Minimum and maximum teacher salaries are higher at MATC than at other state technical colleges. In 2002, 386 out of 599 full-time faculty earned more than the maximum base salary of \$76,000. In addition, 72 of the 386 (12 percent of total full-time instructors) earned more than \$100,000.

**MATC Comment:**

Based on our market position as the state's biggest technical college, situated in an urban industrial area, serving the state's most diverse student body, and offering the widest variety of programs and services, we expect to pay somewhat higher wages than other districts. However, wage growth is a concern that we are addressing in our current contract talks. Our last contract granted raises of 2.85 percent. Base pay at MATC is competitive and has helped us assemble an outstanding faculty.

Our long-range strategic goal is to substantially reduce our salary encumbrance, which accounts for 91 percent of operating costs. In the short term, since 2001, we have cut the number of administrative positions by about 25 percent. No teacher jobs were cut due to contractual commitments. Numerous vacancies, both in the teaching and administrative ranks, have been held open in the last year.

**Health Care****Audit Discussion:**

In 2001-2002, MATC spent \$16.9 million on employee and retiree health and dental care benefits. In 2002, healthcare costs per employee were 17.1 percent higher in Milwaukee than the national average. MATC's healthcare costs have been higher and have increased more rapidly than those of other Milwaukee employers because MATC's health plans have historically required little employee cost sharing. As early as May 2000, MATC's healthcare consultant advised the college that employee cost sharing was necessary to control escalating costs.

The administration negotiated significant plan changes that were approved by the MATC District Board in October 2002 and took effect in January 2003. These did not involve premium participation, but did set substantial deductibles and require employees to begin making co-payments. As a concession, MATC signed two agreements to not seek additional changes for four years. This might hinder its flexibility to address future cost increases.

**MATC Comment:**

The breakthrough nature of the cost-sharing agreement justified the four-year deal. We will revisit the issue when the memorandums of understanding expire. The modest raises in our last labor contracts were partially predicated on employee cost sharing of healthcare expenses. In the current talks, we are proposing that employees begin contributing to the cost of their premiums.

# Appendix 1

## MILWAUKEE AREA TECHNICAL COLLEGE SUMMARY OF PUBLIC TELEVISION

DESCRIPTION	1997 ACTUAL	1998 ACTUAL	1999 ACTUAL	2000 ACTUAL	2001 ACTUAL	2002 ACTUAL	2003 ACTUAL	2004 ACTUAL	2005 ACTUAL	TOTAL
<b>PUBLIC TELEVISION</b>										
OPERATING TAX LEVY	\$ 1,138,711	\$ 1,157,164	\$ 1,196,000	\$ 1,232,000	\$ 1,278,719	\$ 948,000	\$ 1,420,000	\$ 500,000	\$ 700,000	
CPB/CSC GRANTS	\$ 921,465	\$ 843,204	\$ 880,453	\$ 1,433,825	\$ 1,278,719	\$ 1,251,157	\$ 1,001,362	\$ 1,001,362	\$ 1,296,103	
OTHER TV INCOME	\$ 462,021	\$ 918,527	\$ 1,003,533	\$ 922,432	\$ 496,110	\$ 454,857	\$ 478,049	\$ 478,049	\$ 609,406	
FRIENDS GRANTS	\$ 3,672,802	\$ 3,595,924	\$ 3,586,819	\$ 3,678,811	\$ 3,472,154	\$ 3,048,337	\$ 3,278,962	\$ 3,278,962	\$ 2,005,511	
Total Revenue	\$ 6,245,244	\$ 6,106,547	\$ 6,544,547	\$ 6,972,891	\$ 6,035,888	\$ 6,185,983	\$ 6,174,351	\$ 5,480,403	\$ 5,611,022	
TV ENGINEERING	\$ 1,902,426	\$ 2,005,982	\$ 2,039,361	\$ 2,142,511	\$ 2,221,281	\$ 2,283,424	\$ 2,467,781	\$ 2,634,946	\$ 2,624,543	
TV PROGRAMMING	\$ 1,521,791	\$ 1,789,487	\$ 1,720,724	\$ 1,953,943	\$ 1,835,511	\$ 740,144	\$ 810,937	\$ 921,163	\$ 725,284	
TV PRODUCTION	\$ 1,524,883	\$ 1,555,620	\$ 1,888,785	\$ 1,488,080	\$ 1,436,690	\$ 1,622,338	\$ 1,684,435	\$ 1,916,538	\$ 1,279,477	
TV ADMINISTRATION	\$ 350,890	\$ 355,008	\$ 350,801	\$ 336,398	\$ 426,603	\$ 404,372	\$ 408,166	\$ 403,908	\$ 450,702	
TV PUBLIC INFORMATION	\$ 930,746	\$ 646,272	\$ 652,466	\$ 613,011	\$ 459,786	\$ 555,165	\$ 831,524	\$ 925,424	\$ 643,904	
TV PRODUCTION NET OF GRANTS	\$ (3,804)	\$ 11,000	\$ (398,605)	\$ 15,482	\$ (146,628)	\$ (21,349)	\$ (400,000)	\$ (400,000)	\$ (400,000)	
CAPITALIZED PRODUCTION COST	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
CONTRIBUTED CAPITAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expense	\$ 8,156,128	\$ 8,340,280	\$ 8,053,333	\$ 8,559,414	\$ 8,235,325	\$ 5,564,113	\$ 5,900,953	\$ 5,065,978	\$ 5,724,910	
Revenue Over (Under) Expense	\$ 8,711	\$ (233,896)	\$ (491,014)	\$ (413,477)	\$ (789,437)	\$ (631,870)	\$ (673,394)	\$ (145,576)	\$ (113,888)	
<b>PUBLIC TELEVISION CAPITAL BUDGET</b>										
Public Television Programming										
Construction Remeasuring										
TV Tower	\$ 4,290,000	\$ 7,781,541	\$ (3,382,204)	\$ 567,894	\$ 134,000	\$ 133,000	\$ 134,000	\$ 133,000	\$ 133,000	
Adaptable Equipment	\$ 150,000	\$ 268,867	\$ 1,454,893	\$ 1,306,896	\$ 1,978,176	\$ 1,980,860	\$ 3,371,212	\$ (211,397)	\$ 815,634	
Digital Equipment	\$ -	\$ -	\$ -	\$ 51,405	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Capital	\$ 150,000	\$ 4,889,183	\$ 9,503,101	\$ (1,850,308)	\$ 4,331,375	\$ 3,993,860	\$ 5,105,212	\$ 2,321,603	\$ 3,245,834	
<b>PUBLIC TELEVISION CAPITAL BORROWING</b>										
Adaptable TV equipment	\$ 150,000	\$ 1,000,000	\$ 268,867	\$ 225,000	\$ 134,000	\$ 133,000	\$ 134,000	\$ 133,000	\$ 133,000	
Non-Adaptable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Capital Borrowing	\$ 150,000	\$ 1,000,000	\$ 268,867	\$ 225,000	\$ 134,000	\$ 133,000	\$ 134,000	\$ 133,000	\$ 133,000	
<b>OTHER FUNDS AVAILABLE FOR CAPITAL ASSETS</b>										
	\$ -	\$ 3,888,183	\$ 9,238,434	\$ (5,080,308)	\$ 1,446,070	\$ (2,638,140)	\$ 1,371,212	\$ (3,111,397)	\$ (284,186)	\$ 4,447,858
<b>PUBLIC TELEVISION DEBT SERVICE</b>										
Debt Principal Retired	\$ 254,000	\$ 432,150	\$ 260,962	\$ 706,649	\$ 781,978	\$ 1,151,155	\$ 1,901,817	\$ 2,406,368	\$ 3,191,544	
Interest Expense	\$ 48,000	\$ 67,850	\$ 239,838	\$ 130,196	\$ 161,102	\$ 324,452	\$ 365,483	\$ 371,569	\$ 375,384	
Total Debt Service Tax Levy	\$ 302,000	\$ 500,000	\$ 500,800	\$ 836,845	\$ 943,080	\$ 1,475,607	\$ 2,167,300	\$ 2,777,937	\$ 3,566,928	
<b>PROPERTY TAXPAYER SUPPORT FOR PUBLIC TELEVISION</b>										
<b>OPERATIONS</b>										
Operational Tax Levy Included in Public Television Revenue	\$ 1,138,711	\$ 1,157,164	\$ 1,196,000	\$ 1,232,000	\$ 948,000	\$ 1,420,000	\$ 500,000	\$ 700,000	\$ 700,000	
<b>DEBT SERVICE</b>										
Principal Reduction	\$ 254,000	\$ 432,150	\$ 260,962	\$ 706,649	\$ 781,978	\$ 1,151,155	\$ 1,901,817	\$ 2,406,368	\$ 3,191,544	
Interest Expense	\$ 48,000	\$ 67,850	\$ 239,838	\$ 130,196	\$ 161,102	\$ 324,452	\$ 365,483	\$ 371,569	\$ 375,384	
Total Tax Levy for Public Television Debt Service	\$ 302,000	\$ 500,000	\$ 500,800	\$ 836,845	\$ 943,080	\$ 1,475,607	\$ 2,167,300	\$ 2,777,937	\$ 3,566,928	
Total Unfunded Tax Levy for Public Television	\$ 1,438,711	\$ 1,857,164	\$ 1,896,800	\$ 2,085,845	\$ 922,860	\$ 2,421,607	\$ 3,587,300	\$ 3,776,937	\$ 4,268,928	
<b>NET LONG TERM DEBT DUE</b>										
	\$ 534,840	\$ 1,102,480	\$ 1,109,066	\$ 2,617,446	\$ 4,522,886	\$ 8,171,413	\$ 9,435,596	\$ 11,494,228	\$ 11,802,084	

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

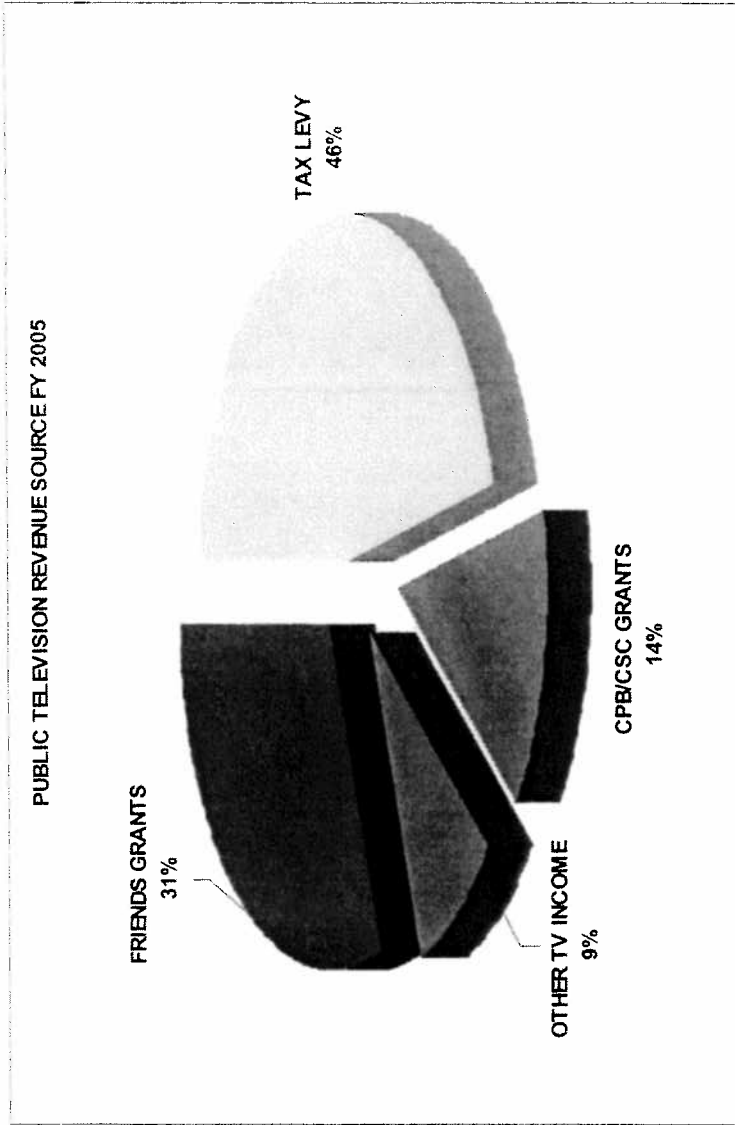
**Mequon Campus**  
5555 West Highland Road  
Mequon, WI 53092-1143

**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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414-297-MATC

## Appendix 2



<b>Downtown Milwaukee Campus</b> 700 West State Street Milwaukee, WI 53233-1443	<b>Mequon Campus</b> 5555 West Highland Road Mequon, WI 53092-1143	<b>Oak Creek Campus</b> 6665 South Howell Avenue Oak Creek, WI 53154-1107	<b>West Allis Campus</b> 1200 South 71st Street West Allis, WI 53214-3110	<b>MATC.edu</b> 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	203,098
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	1,274,967
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 CENSTES	EXPENSE	704,692	886,517	891,772	894,651	892,997	917,734	894,773	1,002,729	1,005,696	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.

<b>Downtown Milwaukee Campus</b>	<b>Mequon Campus</b>	<b>Oak Creek Campus</b>	<b>West Allis Campus</b>
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 71th Street West Allis, WI 53214-3110 MATC.edu 414-297-MATC

Attachment ESIR - 3

**Recommended Options  
For  
MATC Child Care Centers**

Prepared for the MATC Board of Directors

May 15, 2006

Prepared by Vice President Rick Kettner, West Allis Campus

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## Executive Summary

Milwaukee Area Technical College provides child care services throughout the district for two specific purposes aligned to its institutional mission:

**Access:** A number of prospective and current students who are also parents may not attend MATC unless they are able to find appropriate child care services while they are in class. The college provides those services.

**On the Job Training:** Students enrolled in the MATC Early Childhood Education Program must practice their skills in an actual child care setting. The college's own centers, which mirror best practices in the industry, are used to provide that opportunity for experiential learning.

\*\*\*

Currently, MATC operates child care centers at all four of its campuses. Those centers serve a total of 200 children distributed as follows:

### MARCH 2006

	Milwaukee	Mequon	Oak Creek	West Allis	Total
Students	45	24	41	29	139
Staff/faculty	12	2	3	0	17
Community	32	6	1	5	44
Total	89	32	45	34	200

Deficits for child care service at MATC have nearly doubled over the past seven years increasing the public subsidy required from just over \$700,000 in 1997 to nearly \$1.4 million in 2004.

Questions were raised in 2004 by the Legislative Audit Bureau with regard to the use of public subsidies for an "enterprise service," the substantial amounts expended relative to the number of students served, and the appropriateness of public subsidies for non-student, child care clients.

The college's administration subsequently asked the MATC District Board to consider reconfiguration of the district's child care centers in response to those concerns. After reviewing the recommendations, the District Board directed administration to form a Task Force of child care providers; college administrators, faculty and staff; and child care clients to further research this issue.

The Task Force was formed in August 2004. MATC Board Director Lauren Baker served as chairperson. The Task Force deliberated for nine months and presented its recommendations relating to structure and flexibility, alternative funding and marketing to the MATC District Board in April 2005. The District Board then directed that

administration evaluate each recommendation for possible implementation and include representative members from the original Task Force in that process.

A number of recommendations were implemented over the following year with varying levels of success and only small progress on the key issues of concern: the use of public subsidies for an "enterprise service," the substantial amounts expended relative to the number of students served, and the appropriateness of public subsidies for non-student, child care clients.

At the same time, administration agrees that the primary purposes for child care services (access and on the job training) continue to provide important support for the college's mission. In that regard, the administration presents three options to the District Board for its consideration and recommends Option #1 as the best course of action.

Option #1 would consolidate child care services from four centers to two centers. The aim is to conserve resources, to reduce the growing deficit and to take the time necessary to strengthen and rebuild the college's child care system into a financially independent service. This would also provide an opportunity to create more flexible scheduling for students, thereby reducing possible waitlists and the current dependence upon non-student clients. A Limited Term Employee (LTE) with expertise in this area would be hired to lead this effort.

Option #2 would restructure child care services, wages, job titles and job descriptions to acquire the resources and efficiencies necessary to stop deficit growth and increase revenue. This option will require significant contractual adjustments with bargaining groups.

Option #3 would leave child care centers as they are with the addition of an LTE to continue implementation of the Task Force recommendations where appropriate.

## **Introduction**

MATC currently has Child Care centers at each of its four campuses. The centers have been recognized for their high quality and have been cited for their contributions in helping child care develop as a career track.

Fiscal realities have brought child care to the forefront of today's college budget issues. A recent study by the legislative audit committee cited concerns about the amount of public dollars that the child care centers use in relationship to its enrollments, especially the enrollments of children of non-student parents. Similar questions were raised by the MATC Student Senate.

This paper is the result of these and several other child care issues.

## **A Brief History**

- MATC began offering child care services to students in 1974 at an off-campus site. The Preschool Laboratory Center was located in the Inner City Development Project Building in Milwaukee. The program served up to 40 children in a program that voluntarily met all licensing criteria.
- An off-site program for MATC students operated until 1992 at various Milwaukee locations including: Bethel Church on North 20th and West North Avenue; the Carter Building on North 20th and West Vliet Streets; and the Masonic Temple on North 6th and West Walnut Streets. In 1992, the building on 6<sup>th</sup> and West Walnut was consolidated into the Downtown Milwaukee Campus Child Care center.
- In 1976 the first on-campus child care center opened in the Technical Building.
- During the first years of operation, the Technical Building center was part of a federal parent education project; the child care services were free. Parents had to attend monthly parent education meetings. Later, the program charged \$5 per week or \$20 month. Child care workers were not part of a college union at the time.
- Child care services began at the three regional campuses in August 1989. At the time, the centers operated during the regular school year only, and were closed in the summer.
- The centers were used as laboratories for students in the Early Childhood Education Program. There was adequate funding available at the time through several agencies. For example, AFDC eligibility allowed parents to receive Gates funding, etc.
- District voters approved a referendum in 1990 that called for construction of Child Care Centers at the four campuses. Child Care Centers were opened in the mid-1990s at the regional campuses and in 1997 at the Downtown Milwaukee Campus. The Downtown Milwaukee Campus Child Care Center began as a 12-month facility.

- The West Allis Campus Child Care Center was approved by the West Allis Common Council with several conditions. For example, 20% of all slots needed to be reserved for community parents, those who lived or worked in West Allis.
- In 2002, the administration analyzed the child care financial statements and concluded that the West Allis Campus should be consistent with the other two regional campuses and stopped offering summer care.

### **Current Background**

In April 2004, legislators began to question the amount of taxpayer dollars MATC was using for child care. Non-student parents' usage and taxpayer subsidy were of particular concerns.

As part of the debate, students petitioned the administration and District Board to keep all district Child Care centers open. Student fees, totaling \$100,000 and approved by the Student Senate, have traditionally aided the costs. Recently, the Student Senate has discussed this investment/contribution.

There have been some criticisms that the Child Care Task Force implementation committee has not done enough to complete work on recommendations of the Child Care Task Force. Several of the original Task Force recommendations required considerable research. In addition, multiple recommendations had similarities which needed resolution prior to decisions being made.

Initially, the use of public funding for child care was brought before the MATC Board of Directors. The CFO at the time asked the MATC Board for a reconfiguration of the Child Care Centers to account for budget shortfalls.

During this meeting and several others, the board members discussed the mission of the college and its relationship to child care services. After several lengthy board discussions, a Task Force was recommended to research MATC's Child Care issues. The task force was to be made up of community members, college employees, union members, and child care providers.

The Task Force was formed in August 2004. The first meeting was held September 2, 2004, and was chaired by MATC Board member Lauren Baker.

### **The Charge from the Board to the Task Force**

*The MATC Board and President recognized the great value MATC child care centers provide to students, staff and community. The MATC Board voted to form a task force to look at ways to reduce taxpayer support for those aspects of the child care centers that aren't related to serving our students.*

*Specifically, the Task force has the charge to eliminate in the first year at least 25% of the public dollars that go toward areas of child care not related to students being served as a learning lab for students in the early childhood program.*

*The Task Force should focus on determining whether there are funds available to accomplish this goal. Areas to be looked at may include grants, endowments, governmental agencies, and partnerships (MPS, UWM, public and private foundations and partnerships).*

### **Original Members of the Task Force**

Richard Abelson, AFSCME Board Member – District Council 48  
Lauren Baker, MATC Board Member  
Pamela Boulton, Director - UWM Children's Center  
Anneliese Dickman, Senior Researcher – Public Policy Forum  
Renée Dudley, Controller – MATC Finance Division  
Autumn Gehri - Wisconsin Early Childhood Association  
Morna Foy, Executive Assistant to President – Wisconsin Technical College Systems  
Richard Kettner, Campus Vice-President – MATC West Allis Campus  
Joyce Mallory, Director – Wisconsin Council on Children & Families  
Jose Martinez, Director of Migrant Headstart - UMOS  
Ruth McClinton, Educational Assistant – MATC Childcare Center  
Lucy Rosenberg, Child Psychologist (Retired)/Childcare Advocate  
Ann Terrell, Coordinator – MPS Community & Childcare Partnership Program  
Douglas Udell, Instructor – MATC Childcare Program

Over a period of months, several substitutions were made and additional members with child care knowledge were added.

The Task Force met regularly and developed a set of recommendations to be presented to the MATC Board of Directors.

## **MATC Childcare Task Force**

### **Report to the MATC Board of Directors**

**April 2005**

To address its charge, the Task Force disassembled the solution into three components:

1. Increasing revenue for the centers from sources other than local government;
2. Increasing fee receipts for the centers; and
3. Reducing operations costs.

The Task Force dissolved into smaller subcommittees, each addressing a different component of the solution:

**Alternative Funding Subcommittee** – explored potential revenue sources beyond the MATC general fund.

**Marketing Subcommittee** – considered ways to increase enrollment at the centers.

**Structural Subcommittee** – discussed operational savings that might be found if changes to the center's operations and policies were made.

The findings of the subcommittees are represented in the recommendations of the Task Force.

Today's Early Childhood Education associate degree program has 747 students enrolled, or 308 FTE's. Ninety-six percent (96%) of the students are female and two-thirds are minorities. This spring, 160 Early Childhood Education students will have at least part of their tuition funded by T.E.A.C.H., a Wisconsin scholarship program devised to improve the quality of the child care workforce. Since 1999 T.E.A.C.H. has paid over \$450,000 in tuition reimbursements to MATC. Due to changes at the state level, the Early Childhood Education program will be switching their student teaching (or practicum) offerings from two mornings to four mornings per week, increasing the program's utilization of the child care centers. A fourth practicum will also be added, further increasing the need for high quality student teaching slots.

#### **Recommendations that evolved from three committees within the Task Force**

##### **Marketing Committee**

1. Seek employers to purchase designated slots of time for their employees.
2. Develop schedule to facilitate students at all times, not just when in class.
3. Be consistent and sensitive when and how the centers close for maintenance and cleaning.
4. Pursue C-CAMPIS, FSET, HEADSTART, and better utilization of SHARES and W2; 4C's Program and involvement in Governor Doyle's *Quality Counts for Quality Kids*.
5. Staff position dedicated to provide the childcare centers a liaison/marketing/fundraising role.
6. Market childcare facilities to MATC faculty and staff.

##### **Alternative Funding Committee**

1. Pursue programs listed above in marketing recommendations (#4).
2. Pursue private funding opportunities (For example, Endowed Chair through the MATC Foundation's work with area businesses).
3. Early Reading First program (2006-07).
4. Naming opportunities.
5. Staff position dedicated to provide the childcare centers a liaison/marketing/fundraising role.

### Structure & Flexibility Committee

1. Improve utilization - using an entire day of childcare (Marketing).
2. Use of childcare center - maximize utilization of practicum for Early Childhood Education students.
3. Fee structure changes - (a) Sliding Fees; (b) Further study of fee increases.
4. Meeting needs of students.
5. Staff position dedicated to provide the childcare centers liaison/marketing/fundraising role.
6. Properly aligning aidable costs – finding agreement with the state as to how much of the operation of Children’s Centers is a student service and/or a learning lab for Early Childhood Education program.
7. Scheduling – further study of how to meet both the needs of students and maximize use of facilities.
8. Continued involvement of community children to add a base and consistency that compliments MATC’s ability to manage the program for students.

### **Board’s Response to Task Force Recommendations**

At its April 26, 2005 meeting, the MATC Board of Directors was presented the Task Force recommendations. After considerable discussion, the Board directed the President to have the administration evaluate each of the recommendations for possible implementation and to do this evaluation along with several members of the original task force.

The President appointed to this committee:

Dr. R. Kettner, vice president, West Allis Campus  
M. Sargent, chief financial officer

These individuals requested to work with the administrative staff:

Lauren Baker, former Task Force chairperson  
Douglas Udell, Early Childhood educator - MATC  
Nancy Merrill, policy advisor – Wisconsin Technical College System  
Anneliese Dickman, ad hoc member – parents group  
Pamela Boulton, manager, UW-Milwaukee Child Care Center  
Ann Terrell, coordinator, MPS

The committee began by establishing meeting dates and priorities. It was agreed that each item would be reviewed and studied for possible implementation. The committee met several times at the West Allis Campus. Several individuals were invited to the meetings as possible information resources.

## **MATC Administrative Actions**

### **Considerations Given to the Task Force Recommendations**

The college is at a critical juncture with its 2006-07 budget. The WTCS office also expects MATC to resolve the child care budget issues.

There were 19 recommendations from the three Task Force committees. Several of the committees made similar recommendations. All recommendations were given serious consideration.

### **Recommendations and Responses: Marketing Committee**

**Recommendation:** Seek employers to purchase designated slots of time for their employees.

**Response:** There was discussion with two companies that showed little interest. We are currently investigating a third. There is an inherent problem with this as employers could possibly displace MATC student-parents unless there were specific controls in place. These controls make it unlikely that an employer would be interested.

**Recommendation:** Develop schedules to facilitate students at all times, not just when in class.

**Responses:** Evaluated a maintenance schedule that was consistent and sensitive to student needs. Scheduling has been expanded

**Recommendation:** Pursue C-CAMPIS, FSET, HEADSTART, and better utilization of SHARES and W2; 4C's Program and involvement in Governor Doyle's *Quality Counts for Quality Kids*.

**Responses:** Even though grants were not to be considered because of the possibility they could terminate at any time, the administration staff did write and submit a C-CAMPIS Grant for \$148,141. The grant was not awarded to MATC. Federal funding may have been diverted to Hurricane Katrina relief efforts. FSET program grants had minimal success.

**Recommendation:** Staff position dedicated to provide the childcare centers a liaison/marketing/fundraising role.

**Responses:** Developed a job description for an experienced child care employee. Held a staff position open to facilitate the serious considered of a candidate.



**Recommendation:** Market childcare facilities to MATC faculty and staff.

**Responses:** Marketed childcare facilities to MATC faculty and staff at various functions and through several types of media.

### **Recommendations and Responses: Alternative Funding Committee**

**Recommendation:** Pursuing programs listed above in marketing recommendations.

**Response:** Investigated the possibility with Foundation Director Meg Diaz regarding an Endowed Chair.

**Recommendation:** Pursue private funding opportunities (For example, Endowed Chair through the MATC Foundation's work with area businesses).

**Response:** Researched grants that were related to Early Reading First program, but felt this was very difficult as the Child Care center does not extensively teach reading and would not meet the guideline requirements.

**Recommendation:** Explore naming opportunities.

**Response:** Naming opportunities have been researched and efforts are being refocused on a possible future benefactor.

**Recommendation:** Staff position dedicated to provide the Child Care centers a liaison/marketing/fundraising role.

**Response:** Dedicated a staff position (see above, Marketing committee).

### **Recommendations and Responses: Structure and Flexibility Committee**

**Recommendation:** Improve utilization - using an entire day of childcare.

**Response:** Worked to improve utilization by keeping meticulous enrollment records for all hours of the day and days of the week.

**Recommendation:** Use of childcare center - maximize utilization of practicum for Early Childhood Education students.

**Response:** Expanded the use of Child Care center for maximum utilization of practicum for students in Early Childhood Education.

**Recommendation:** Fee structure changes - (a) Sliding Fees; (b) Further study of fee increases.

**Responses:** Moved some expenses into student services, but this practice has since been rejected by the WTCS. This is currently being corrected and researched. Fee structures were adjusted at the centers.

**Recommendation:** Staff position dedicated to provide the childcare centers a liaison/marketing/fundraising role.

**Response:** Dedicated a staff position (see above, Marketing committee).

**Several other responses, outside of the committee recommendations, were also implemented and researched:**

- A Spanish-language flyer was prepared to promote our services at Noche Hispana (Oak Creek Campus event) and for the FSET (PACE) program.
- Developed surveys of other community Child Care centers.
- Developed surveys for parents using the MATC Child Care centers.
- Created a database for accurate decision-making.

The administration feels there is adequate information to make a recommendation to the Board on the future of the Child Care centers. One or a combination of the following options could be implemented at this time:

### **Option 1**

Consolidate the four Child Care centers into two centers as soon as possible. The administration's belief is that consolidation is a way to "step back," review growth and development, and develop a plan to rebuild the centers into profitable entities. This plan would consolidate the Mequon Campus center into the Downtown Milwaukee Campus center and the West Allis center into the Oak Creek Campus center. This model would also allow MATC to retain many of the current staff. Budget implications with this option:

Enterprise Fund Net Charge	\$1.28 million
Enterprise Fund Net Charge under Option 1	\$1.09 million
Approximate Savings (retaining 40%)	\$204,000

### **Option 1: Additional Components**

Hire a Limited Term Employee with considerable experience in child care and financial issues to lead the rebuilding effort, and continue to explore feasible recommendations from the original Task Force.

- A job description has been completed to define the role of this LTE.
- Position would be fully supported by MATC.

### **Option 1: Emerging Trends/Potential Impacts**

Little or no enrollment growth at the Downtown Milwaukee Campus :  
*Impact: Revenue amounts similar to FY06.*

Reduction in community families served and increase in student families served will lower the overall center users:

*Impact: Lower overall revenue as student fees are less than community fees. There will also be a reduction in number of part-time staff, hours and wages.*

An anticipated increased demand for child care at Oak Creek Campus as Nursing Assistant and Nursing classes are offered at the Oak Creek Campus :

*Impacts: Possible increases in part-time work schedules and wages. There is also the possibility of increased maximization of classroom space and staff.*

Increases in number of student-parents using part-time child care (limited funds available to pay fees, more demands on Financial Aid as tuition and book costs increase, greater use of online classes):

*Impacts: More staffing configurations; possibility of reducing part-time wages and hours. Higher use of centers on peak days (Tuesdays through Thursdays).*

Increased offerings of K-3, K-4, and K-5 (some all day) kindergarten programs which provide parents alternate options for child care — often at less or no cost:

*Impact: Lower enrollments in Early Preschool and Preschool classrooms; less revenue; less efficient classrooms, staffing, and utilization.*

Reduced enrollments of community families due to community providers who charge lower child care fees:

*Impact: Community families will seek child care from community providers resulting in lower community enrollment at MATC.*

## **Option 2**

Develop a similar model to other college child care centers. This would require several contract adjustments with Local 212 to restructure the current salary system, job titles and job descriptions.

The new structure would have a child care Master Teacher at each location. Student workers would report to that instructor. Student workers could be from several different programs, such as Early Childhood Education, Nursing, Childcare, etc. In addition, there could be primary care givers as needed. These individuals would earn different salaries depending on responsibilities, time in position, and progress in their academic program.

This model identifies one Master Teacher per classroom with staffing done by budgeted student workers for the duration of time. This model would result in the layoff of four full-time Child Development Specialists and 21 part-time Child Development Specialists.

Student worker positions are identified as full-time positions of eight hours per day per student. It may take more students to fill the positions as most students cannot work eight hour days.

This model retains Milwaukee as the only 12-month center. Mequon, Oak Creek, and West Allis would offer child care service on student contact days during the fall and spring semesters. Staffing hours for the regional campuses are based on 75% of 2,080 hours; full-time salary figures are also based on 75% of the Milwaukee full-time rate.

Under this option, there are concerns regarding the ability to meet and maintain current NAEYC accreditation standards as well as being able to recruit and retain a sufficient number of student workers to meet demand. Student workers must be able to meet the minimum qualifications of State of Wisconsin licensing requirements. Budget implications with this option:

### **Downtown Milwaukee Campus**

Six classrooms with one Master Teacher per room  
20 hours direct contact with children/20 hours prep time and records  
2,080 hours per year with benefits: \$78,400 per person; \$470,400  
2.5 student workers per room (due to 11-hour service day)  
2,080 hours per student @ \$9 per hour, \$46,800 per room  
Benefits @ 18%; \$8,424 per room  
Total: \$55,224 per room  
Six room total: \$331,344  
Total labor cost Downtown Milwaukee Campus: \$801,744

### **Mequon Campus**

Four classrooms with one Master Teacher per room  
20 hours direct contact with children/20 hours prep time and records  
1,560 hours per year with benefits; \$58,800 per person; \$235,200

Two student workers per room  
 1,560 hours per year @ \$9 per hour; \$28,080 per room  
 Benefits @ 18%; \$5,054 per room  
 Total: \$33,134 per room  
 Four room total: \$132,536  
 Total labor cost for Mequon: \$367,736

**Oak Creek Campus**

Four classrooms with one Master Teacher per room  
 20 hours direct contact with children/20 hours prep time and records  
 1,560 hours per year with benefits; \$58,800 per person; \$235,200  
 Two student workers per room  
 1,560 hours per year @ \$9 per hour; \$28,080 per room  
 Benefits @ 18%, \$5,054 per room  
 Total: \$33,134 per room  
 Four room total: \$132,536  
 Total labor cost for Oak Creek Campus: \$367,736

**West Allis Campus**

Five classrooms with one Master Teacher per room  
 20 hours direct contact with children/20 hours prep time and records  
 1,560 hours per year with benefits; \$58,800 per person; \$294,000  
 Two student workers per room  
 1,560 hours per year @ \$9 per hour; \$28,080 per room  
 Benefits @ 18%; \$5,054  
 Total: \$33,134 per room  
 Five room total: \$165,670  
 Total labor cost for West Allis: \$459,670

Total Labor Costs — All Sites

	<u>Full time</u>	<u>Part time</u>	<u>Total</u>
Milwaukee	\$470,400	\$331,344	\$801,744
Mequon	235,200	132,536	367,736
Oak Creek	235,200	132,536	367,736
West Allis	<u>294,000</u>	<u>165,670</u>	<u>459,670</u>
Totals	\$1,234,800	\$762,086	\$1,996,886
Enterprise Fund Net Charge			\$1.282 million
Enterprise Fund Net Charge under Option 2			\$980,380
Approximate Savings (retaining 40%)			\$301,600

### **Option 3**

Leave the child care centers as they are, and continue funding at the current level. This option would also require hiring a Limited Term Employee to continue to exercise the recommendations from the original Task Force, while seeking to find ways to operate the all four centers as viable entities.

Estimated Annual Cost: \$1.282 million

### **Questions and Answers**

**Will anyone lose their job through a layoff, termination, or non-renewal if the centers are consolidated as suggested in Option 1?**

Yes:

- Layoffs of 15 part-time Child Development Specialist positions.
- Termination/non-renewal of one Coordinator position.

It is anticipated that we will retain:

- All full-time Educational Assistants (Child Care) and Child Development Specialists (212P).
- Seven part-time Child Development Specialists (212P).
- All part-time clerical (587 positions, some reassignments will naturally occur).
- Manager, Child Care Services, and Coordinator, Milwaukee Campus (as 12-month non-represented employees).

In addition:

- Full- and part-time staff at Milwaukee will be assigned as 12-month employees.
- Represented staff at Oak Creek Campus center will be assigned as two-semester employees with some additional weeks for set-up and take-down.

**What activities have been tried to increase child care revenue?**

- Fees have been increased at a rate of 5% annually for the past several years (result is that MATC fees are the highest in the area among community, campus, and NAEYC-accredited centers).
- Annual registration fees were implemented several years ago in keeping with industry practices and trends.
- Block scheduling was implemented to require students, staff and faculty, and community parents to enroll for minimum periods. Students were required to enroll for a minimum of three hours per day, resulting in less flexibility for student-parents and increased costs. This caused a decrease in the number of

student FTEs. In addition, community parents were held to three half-days or two full-days of enrollment, eliminating a few families; staff/faculty members were held to a minimum enrollment of one-half day per week. (Note: Current enrollment practice requires minor minimum enrollment. Students can enroll for as little as 1.5 hours per week; staff/faculty and community can enroll for as little as one five-hour day).

- A pilot program offering evening child care to meet evening school student-parent demand was tried in 1998. Revenues and utilization were extremely low. Most evening students wanted “drop-in” care when their other child care arrangements fell through. Most would not commit to 15-16 weeks of enrollment.

#### **What cost containment measures have been implemented?**

- Classroom ratios (teacher/child) were restructured to meet State of Wisconsin licensing and upper levels of NAEYC accreditation
- Agreement with Local 212 allows for part-time staff to be called at home and their scheduled work hours cancelled if attendance numbers are low. If part-time staff arrives for work, the requirement is that they work a minimum of two hours (containing part-time hours and labor costs).
- Reduced service year at West Allis Campus to 9.5 months, resulting in the layoff of five part-time staff (three are currently back at work, one full-time and two part-time).
- Staff now retain their CPR certification through a two-hour exam rather than a five-hour training program.
- Eliminated one Coordinator position at West Allis; job duties were absorbed by the Coordinator from Mequon who now supervises both programs.
- Reduced daily service hours at all sites to more accurately reflect student service needs and student use. The Downtown Milwaukee Campus center daily hours were reduced by one hour.

#### **What recent marketing strategies have been used to encourage growth in the Child Care centers?**

- Promotional brochures and posters have been displayed at all campuses.
- MATC website information, news articles in the *MATC Times*, and advertising in MATC class schedules.
- Direct marketing through numerous campus events.
- Open house events at each site.

**If Option 3 is used, is there any other way the college can absorb these costs?**

Yes; however, money would have to be transferred from other departments or divisions within the college. To date, this has been an extremely difficult task of appropriation priorities.

**If Option 1 is used, would the college offer information on area alternative, accredited child care centers to inquiring parents?**

Yes, a list of locally accredited centers will be prepared and available for distribution to student-parents.

**What would the consolidation of MATC Child Care centers mean for students?**

Consolidation would likely result in some near-term concerns for student-parents with children enrolled at the Mequon and West Allis Campus centers. Parents may be reluctant to travel to another campus that offers child care. Some students are enrolled in programs that are not offered at either the Milwaukee or Oak Creek campuses. Other students may transfer to a campus that offers child care. The expectation is that given enough notice, student parents would enroll for classes at a campus that offers child care or make other arrangements. Currently-enrolled student parents are given priority registration over new student parents requesting services. Students are also given priority over staff/faculty and community parents.

**Will the loss of centers cause any change in Child Care or student FTEs?**

Change to service delivery has the potential to affect child care FTEs — at least in the short term. It would be unknown how a reduction of child care sites would affect student FTEs, given the options of online classes, weekend classes, etc.

Child care FTEs at Oak Creek could increase. This assumption is based on the numbers of course offerings and programs, increased sections and classes for nursing programs, and the anticipated opening of the ECAM facility. The Oak Creek Campus offers a larger number of programs and classes than Mequon or West Allis.

Child care FTEs at the Downtown Milwaukee Campus may decline if more student children are enrolled coupled with a reduction in the number of community children. Students typically enroll for fewer hours per week than non-students.

**During the Board's discussion of consolidating (Option 1), what are the expected reactions?**

This issue has great interest among some faculty and staff, students with children enrolled in Child Care centers, community families who may be displaced by student families, and Child Care employees who will be concerned by job loss or reassignment to another campus. Other interested individuals and groups include local taxpayers, watchdog



groups, the media and others. There is passionate interest in this issue. The Board will have administrative support throughout the decision making process and beyond.

**Option 1 consolidates two campus centers. How was that decision made?**

From overall enrollments and enrollments of student-parents who use the Child Care centers. FTE counts/reports for FY06 show larger numbers of student parents enrolled at the Oak Creek and Downtown Milwaukee Campuses. Number of student-parents (headcount) who have children enrolled at Oak Creek and Milwaukee Campus Child Care centers is also larger than at the Mequon or West Allis Campuses. Child Care labor and operational costs are lowest at the Oak Creek Campus. Labor and operational costs are higher at the downtown Milwaukee Campus, but Child Care class sizes are better maximized/utilized which helps to offset the high costs.

Other factors that were considered:

- The Downtown Milwaukee and Oak Creek Campuses offer the most programs, course selections, and class sections throughout the District. The potential for increased child care enrollment is greatest at these centers.
- The Downtown Milwaukee and Oak Creek Campuses are accessible – both have easy interstate access and public transit direct to the campuses and the Child Care centers.
- The potential for community partnerships is strong at the Oak Creek Campus through its large student population and advantageous location near the fast-growing southeastern Milwaukee County and northern Racine County.

## **Addendum A**

### **Statement of Policy**

Anneliese Dickman

The Task Force understands that high-quality early childhood education and training is a legitimate role for an education institution such as MATC and justifies certain taxpayer support. The Task Force's position is compatible with the MATC mission, which reads,

*MATC is a publicly supported comprehensive higher education institution committed to increasing the potential and productivity of the people in its district through the delivery of high-quality instruction and programs which are consistent with current and emerging educational and labor market needs. General Education is an integral part of MATC programs which provides the knowledge and conceptual abilities that college-educated adults must have to achieve in occupational skills training and to perform more effectively in the demanding, complex world.*

Child care meets this mission not only as an important student service, but also as one of the college's most impactful training programs. For those reasons, MATC child care also helps meet the college's strategic planning goals of Innovative Enrollment Management & Student Support (Objective 4: Strengthen support processes for student success in conjunction with Student Services, academic units, and other service areas of the college) and Strong Partnerships (Objective 2: Stimulate Workforce Development efforts in the community and Objective 3: Advance Southeastern Wisconsin Economic Development).

Student support services are central to what any technical or community college does; they are not peripheral to student success. Non-traditional students (the average age of students at MATC is 28 years) and low-income adults (the percent of MATC students receiving financial aid) typically have higher attrition rates and take longer to complete their degrees. Reliable high-quality, financially accessible child care is important for these students to be able to finish their training quickly and advance in the workforce. Community and technical colleges in Illinois have recognized this; currently 95% offer on-campus child care services to their students.<sup>1</sup>

MATC's child care centers thus serve all the college's students by supporting them and their families in a convenient, reliable, financially accessible manner. Students enrolled in MATC's associate degree program in Early Childhood Education are trained in the child care centers, which were specially constructed to accommodate this training usage. Student caregivers work alongside veteran teachers in the classroom, observe classroom activities from behind one-way glass in "observation rooms," and are themselves observed by the MATC Early Childhood Education faculty. These students are trained in state-of-the-art facilities using the research-supported methods by highly experienced experts in child development.

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<sup>1</sup> Women Employed survey of Illinois community colleges, 2004

The workforce development role of the MATC child care centers should not be underestimated. The Milwaukee area employs one-third of the state's child care workers and preschool teachers.<sup>2</sup> These workers and other direct employees of child care providers total more than Milwaukee County's hotel and motel workers, food manufacturing workers, and accounting services workers.<sup>3</sup> Finally, of the 13 institutions of higher education in Southeastern Wisconsin that have child care training programs, MATC is one of only four offering a two-year associate degree and the only one in Milwaukee County to do so.<sup>4</sup> Worker demographics indicate that the demand for well trained child care workers can only be expected to grow. In Wisconsin, 65% of all women are in the workforce, including 71% of all women with children under age 6. In fact, more than half of all women in every ethnic group with children under age 6 in Wisconsin are in the workforce. Thus, maintenance of the child care centers serves MATC's stated budget priorities, which include programs and services related to emerging growth occupations in the Milwaukee labor market.<sup>5</sup>

In addition, a growing body of research literature shows that high quality child care is one of the best economic development investments a local or state government can make.<sup>6</sup> Governor Doyle has recognized this in his Quality Counts for Kids initiative, which ties state reimbursement rates for child care to the quality of the care. The Governor is heeding the advice of the Federal Reserve Bank of Minneapolis, which found the rate of return for private and public investments in high quality child care is a very significant 16 percent.<sup>7</sup> In addition, the Economic Policy Institute found that, at a minimum, high quality preschool programs earned a 3 to 1 return on investment.<sup>8</sup> Locally, UWM recently found that the county's child care workers provide care for 21,000 working parents, who earn about \$538.5 million annually.<sup>9</sup> The importance of including child care in economic development policymaking has probably been best stated by the Center for Economic Development, "Local development policymakers should view early education as a development tool and appreciate its lasting benefits. It's time that early education is implemented with the same energy, urgency, and funding that is currently being applied to other, less-promising, development projects."

These four aspects of the child care centers — general student support, instructional programming, workforce development, and economic development — are all mentioned in the child care centers' mission statement.

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<sup>2</sup> 2003 Hourly Wage Data, Wisconsin Department of Workforce Development. (The Milwaukee MSA has 2,510 child care workers and 3,110 preschool teachers.)

<sup>3</sup> Levine, Marc and Pamela Fendt, *The Economic Impact of Child Care in Milwaukee County*, UWM Center for Economic Development, September 2002.

<sup>4</sup> The others are College of Menominee Nation in Keshena, Gateway Technical College in Racine, and Waukesha Technical College in Pewaukee.

<sup>5</sup> MATC 2003-2004 Budget Priorities

<sup>6</sup> bibliography

<sup>7</sup> Rob Grunewald & Arthur Rolnick, "Early Childhood Development: Economic Development with a High Public Return," *The Region* 17, no. 4 Supplement, Federal Reserve Bank of Minneapolis (December 2003).

<sup>8</sup> Robert Lynch, *Exceptional Returns: Economic, Fiscal, and Social Benefits of Investment in Early Childhood Development*, Economic Policy Institute, October 2004.

<sup>9</sup> Levine, see note 3 above. (A similar study in California found that child care contributes between \$4.7 and \$5.4 billion to the state's economy. National Economic Development and Law Center, 2001).

*It is the mission of the Children's Center to provide a high quality, safe, nurturing, and educational environment for all the children in our care, primarily for MATC student parents as well as college staff and community families. A wide variety of learning experiences are offered to promote the emotional, social, cognitive, and physical development of each child.*

***The program supports community economic development goals and the student access, recruitment, and retention objectives of the college. The Children's Center also supports the curricular objectives of the Early Childhood Education program of the college by providing practical lab experience and observation demonstrating the integration of recognized theories and best practices in professional early childhood care and education.***

The MATC Children's centers are models of best practices. In addition to being NAEYC accredited, they hire college-educated staff with child development backgrounds. They pay good wages and benefits and thus keep turnover low. These are all characteristics of high quality child care centers.<sup>10</sup> Unfortunately, these are characteristics most local day cares do not share.<sup>11</sup> In fact, Wisconsin has few high quality child care centers. The Wisconsin Child Care Research Partnership found, of subsidized centers, only 15% provided good or excellent care, 74% were mediocre and 11% were of less than minimal quality. Without the MATC centers, those lower quality models would become the new community standard.

### **General Fund Support of Child Care**

Nationally, less than 1% of child care funding comes from the private sector. On average, families currently cover 50% to 55% of the cost for center-based programs. The federal government covers 25% to 30% and state and local governments contribute 15% to 20% of the total cost. Thus, local taxpayer support for child care is not an issue unique to MATC or even Milwaukee. That about half of the MATC child care centers' revenues consist of tuition and fees is typical.

The rationale for establishing the Childcare Task Force and issuing its charge includes the 2003 audit of MATC by the Legislative Audit Bureau. In the audit report, the LAB had concerns about the general fund support of enterprise activities, which include child care. MATC agrees with the auditors that the enterprise activities' reliance on the general fund should be minimized. However, the audit report never mentioned the child care centers' role as learning labs and that operational costs should be attributable to instructional activities. It is not clear that the LAB knew the centers played such a role at the time the report was written. In the subsequent hearings before the Joint Audit Committee, the teaching and learning role of the centers was explained to the legislators and was found to be a legitimate expense for the general fund.

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<sup>10</sup> Wisconsin Child Care Research Partnership, What Characteristics Relate to Child Care Quality? Issue Brief No. 8, Sept. 2002.

<sup>11</sup> Wisconsin Child Care Research Partnership, Who Cares for Wisconsin's Children? Issue Brief No. 1, July 2001.

MATC has been working to reduce taxpayer support of enterprise activities since 2002 when the area of Enterprise and Auxiliary Services was reorganized. Staff has made significant efforts to hold down costs in the Children's Centers. This effort comes despite additional expenses being moved from the general fund to the children's centers budget and additional revenues being eliminated.

This movement of expenses from general fund activity into enterprise is unusual for colleges in the Wisconsin Technical College System. The Task Force conducted a survey of the other colleges in the system and found that of the eleven WTCS colleges with children's centers, five have joint operations with instructional programs similar to MATC's. These centers charge instructional costs accrued in the children's centers to their general fund. The methods for calculating instructional costs vary widely across the campuses, but do include costs for center operations.

While this Task Force has had a specific charge to follow, it has attempted to delve deeply into the mission, direction, function and potential of MATC's Children's Centers, particularly for their financial implications. As such, the Task Force has made a number of findings in its investigation. Those findings are attached. The Task Force is also pleased to make recommendations to the MATC District Board of Directors. Those recommendations are also attached.

**Addendum B**

**MATC Child Care Services  
PACE Student Participation  
2005-06**

**Fall 2005**

	Milwaukee	Mequon	Oak Creek	West Allis	Total
Students	8	0	2	5	15
Children	10	0	2	9	21

**Spring 2006\***

	Milwaukee	Mequon	Oak Creek	West Allis	Total
Students	10	0	2	3	15
Children	14	0	4	6	24

\* There were three additional student-parents (four children) who registered at Oak Creek Campus Child Care for the spring semester. They learned in late January that PACE could not serve them because they had not been enrolled in the program in December. Two of the parents (three children) left. The third parent cut her enrollment schedule in half so she would not incur any additional costs that she would not be able to afford.

**Addendum C**

**MATC Child Care Services  
Enrollment Numbers -- Headcount  
March 2006**

	Milwaukee	Mequon	Oak Creek	West Allis	Total
Students	45	24	41	29	139
Staff/faculty	12	2	3	0	17
Community	32	6	1	5	44
Total	89	32	45	34	200