

May 24, 2007

Joint Audit Committee Holds Public Hearing on WTCS Personnel Policies and Practices Audit Report

The legislature's Joint Committee on Audit held a public hearing on Wednesday, May 23rd, on the WTCS Personnel Policies and Practices audit report. The audit was conducted by the Legislative Audit Bureau (LAB), a non-political service agency of the legislature. As reported earlier, the audit reviewed technical college salaries, benefits and workloads, sick leave and vacation reporting, the use of retainer agreements for services, settlement agreements with departing staff, and sabbaticals. See the conclusion of this report for web links to the audit report and selected hearing testimony.

The hearing began with an overview for committee members by State Auditor Jan Mueller and Deputy State Auditor Paul Stuiber. Much of the questioning from committee members centered on the districts' OPEB (other post-employment benefits) liabilities. These are primarily the unfunded future costs to provide retiree health insurance obligations. They must be reported on the colleges' financial books (but not actually funded) in the next few years because of new public accounting standards.

The LAB noted that most districts had already addressed OPEB funding and had plans for covering the liability. The committee focused its questions on larger liabilities at MATC Milwaukee and Waukesha County Technical College. State Auditor Mueller noted that this issue applies broadly to school districts and many other local governments in addition to technical colleges. The WTCS has already agreed to report back to the audit committee on OPEB by September 1st.

Committee members wondered aloud if the legislature will be asked to fund a "fix" for this in the future for various local governments. This led to a discussion of technical college bonding authority and operational versus debt mill levies. In his later testimony, WTCS President Dan Clancy would note that Moody's Investor Services last year rated the WTCS as having the highest quality credit ratings of any community or technical college system in the nation.

After the LAB briefing, invited testimony was presented by a team of President Clancy, Mid-State President John Clark, and Lakeshore District Board member John Lukas. Lukas testified in his roles as a manufacturing executive and as president-elect of the District Boards Association. The team testimony and response to members' questions focused on a number of issues including:

- The WTCS's and districts' commitment to comply with each of the audit's recommendations.
- Plans to address OPEB funding issues.
- Faculty compensation and WTCS market competition with the private sector for talented instructors who have solid industry experience as well as meeting academic and other qualifications.
- The WTCS role in economic development and findings of the recent Wisconsin Taxpayers Alliance economic impact study.
- Distinctions between technical/occupation faculty and those teaching in general education or at pre-postsecondary levels.

- Why district faculty and presidential compensation and benefits vary by district.
- Healthcare benefits costs and attempts to reduce cost increases.
- Specific issues related to district sick leave reporting and sabbatical reporting.

Committee members several times noted the importance of the WTCS role in economic and workforce development. Co-Chairs Senator Jim Sullivan (D-Wauwatosa) and Representative Sue Jeskewitz (R-Menomonee Falls) reflected on a recent business breakfast at Waukesha County Technical College and the strong support expressed for the college by business and industry. The committee acknowledged the importance of John Lukas's testimony as a manufacturer who counts on technical college training for skilled workers.

Following the invited testimony, each of our faculty organizations rounded-out the testimony. Dr. Joe Lowndes, a faculty leader and instructor in MATC-Madison's Biotechnology Technician Program, spoke representing AFT-Wisconsin. He was followed by Pat Smoody, a faculty leader and Office Technology instructor at Gateway Technical College representing WEAC.

Overall, the tone was congenial and the questions were fair and were targeted to the audit report itself. Some of the discussion concerning remedial and basic education instruction and faculty compensation for those services veered toward K-12 issues and a general discussion of preparedness more than focusing on the WTCS. Witnesses recognized the value of an audit as a tool for accountability, stewardship and future planning. Committee members recognized the important value of Wisconsin Technical Colleges despite the fact there likely remains some concern about OPEB, and WTCS salaries and benefits among a few committee members.

There is no required next step or additional formal process other than the WTCS letter on OPEB due September 1st. The Committee will want some confirmation of attention to the other audit recommendations and the WTCS will want to assure it's provided. This could be in the form of additional letters or could trigger a future committee hearing if the co-chairs or enough committee members wish to do so.

Web Links:

For a PDF file of hearing testimony by Dan Clancy, John Lukas and John Clark, see:
<http://www.districtboards.org/advocacy/audittestimony.pdf>

For the LAB highlights and the full audit report, see the LAB site at:
<http://www.legis.wisconsin.gov/lab/CurrentReportsByDate.htm> (scroll to Audit 07-02).