

March 13, 2007

## Legislative Audit of WTCS Personnel Policies and Procedures Released

- Audit Highlights Faculty Salaries
- Reviews and Makes Recommendations Concerning Post-Retirement Benefits, Leave Reporting, Sabbaticals, Retainer Agreements and Settlement Agreements
- WTCS Responds That It Will Work With Districts to Ensure Audit Recommendations are Implemented

The Legislative Audit Bureau (LAB) has released the long-awaited audit of WTCS personnel policies and procedures. Audit highlights, the full LAB report, and the WTCS's formal response by President Clancy (attached at the end of the main report) are available at: <http://www.legis.wisconsin.gov/lab/index.htm>. The audit parallels a UW System audit released in October, 2006. The LAB is a non-partisan service agency that works with the Wisconsin Legislature to provide information and oversight concerning state and state-funded operations.

The LAB report contains several highlights - with WTCS faculty salaries being most prominent - and several recommendations. In the written response attached to the report, the WTCS has already agreed to work with districts to ensure the audit's recommendations are fully implemented.

### Faculty Salaries

The report found that full-time WTCS faculty earned an average of \$74,598 in 2004-05, and that 369 employees earned over \$100,000 in that year. Those full-time faculty averaged a 35.7 hour workload under collective bargaining agreements. However, 68.2% of full-time faculty earned additional compensation by working more than a full-time load.

The LAB also compared these figures nationally and with the UW. The report's highlights document states:

“The average base salaries of WTCS faculty are among the highest reported nationally. Their average annual earnings – which represent base salaries plus additional compensation – exceed the average earnings of full-time faculty at the two-year University of Wisconsin (UW) Colleges by approximately \$22,000.”

The audit report and the WTCS’s response recognize some of the key factors contributing to the salary data, such as a highly competitive employment market for teachers in highly skilled and well-compensated professions and greater flexibility in making faculty work assignments than found in many academic environments.

Importantly, the LAB figure presents the average salary for full-time faculty only. The WTCS response points out that the majority of WTCS faculty are part-time or adjunct faculty, not full-time faculty. When using the common measurement of full-time *equivalent* compensation for all faculty, the average earnings are \$12,500 less than for all faculty on a full-time basis than for exclusively full-time faculty. This gap ranges from some \$2,300 at Gateway to more than \$19,000 at MATC Milwaukee and Northeast Wisconsin. A chart comparing these figures for all districts is found on page 2 of the WTCS response.

While the audit highlights faculty compensation, no formal recommendation is made regarding this issue.

## Post-Retirement Benefits

In addition to discussing benefits packages for current administrators and faculty, the LAB describes district liability for non-pension post-retirement benefits. These “OPEDS” amounts must be accounted for more directly under new accounting standards applicable to all public entities. The audit recommends the WTCS Board report to the Legislature on all technical college districts’ plans for addressing these liabilities. The WTCS response notes that 13 districts have completed actuarial studies of their liabilities and that the remaining 3 are expected to meet the deadline for doing so.

## Leave Reporting

The audit notes that districts have various policies for recording the use of sick leave. The audit reported that WTCS employees reported an average 6 days of sick leave in 2004-05 ranging from 3.2 days average for faculty and 8.9 days average for support staff. In 2004-05, 38.1 percent of faculty, 17.8 percent of administrators, and 6.6 percent of support staff reported using no sick days. The LAB notes that this is lower than the percentage of employees in the UW System audit reporting no sick day usage. The WTCS response notes that, unlike UW (state) employees, most WTCS employees have no right to convert unused sick days into a credit for post-retirement health premiums. The audit recommends that districts improve the accuracy of employee leave reporting.

## Sabbaticals

The LAB reported that 15 faculty and 2 other WTCS employees were granted sabbaticals statewide from July, 2004, through March, 2006. The audit found general compliance with sabbatical procedures but recommended that districts improve reporting requirements for sabbatical outcomes.

## Retainer Agreements

The audit examined district contracts for professional services using retainer agreements. These agreements establish fixed regular payments for agreed-upon services. Such agreements were a catalyst for the original and more limited audit request.

The audit found that 8 districts reported a total of 10 retainer agreements in 2005-06. Six of these were with employee health care benefits consulting firms. While the audit report notes that most retainer agreements met specified procurement requirements, the report notes that 2 agreements in 2 different districts did not comply with competitive bidding procedures as required.

The LAB recommends that districts assure procurement practices for retainer agreements comply with state law and WTCS policies. The LAB also recommends the WTCS Board direct its staff to monitor district procurement policies and practices.

## Settlement Agreements

The LAB reports that 12 of 16 districts had resolved personnel issues by negotiating settlement agreements with employees between July, 2002, and March 2006. The most common reason was an agreement to terminate employment for unsatisfactory performance. Other reasons included position elimination or restructuring, settling discrimination complaints, or termination for misconduct. The report reviewed 81 settlement agreements over the period. Approximately 50 percent of the agreements involved administrators and 25 percent each involved faculty and support staff. The LAB recommends that districts annually report the number, type, and cost of any settlement agreements to the WTCS Board.

## Audit History and Process

The WTCS audit was initially requested by four legislators in August, 2005. That request noted concerns focused on Gateway Technical College and then-President Sam Borden. The initial request was made by then-Minority Leader and current Majority Leader Senator Judy Robson (D-Beloit), Senator Glenn Grothman (R-West Bend), Senator Bob Wirch (D-Kenosha), and then-Representative and current Senator John Lehman (D-

Racine). Their audit request was approved November 29, 2005, by the Joint Committee on Audit led by Assembly Chair Representative Sue Jeskewitz (R-Menomonee Falls) and then-Senate Chair Carol Roessler (R-Oshkosh). The audit as approved included an expanded scope to parallel the UW audit. An audit's scope also evolves over time as the complex process and information unfolds.

Since approval in late 2005, the LAB staff has worked with the WTCS staff and districts for countless hours to review enormous amounts of information. In June, 2006, the LAB released a single portion of the audit findings concerning felons in employment at technical colleges. The remaining major portions of the audit were shared in draft form confidentially with specific contacts at the colleges for fact-checking in the past few weeks. The WTCS was also able to contribute to this process and to prepare a formal response to the audit that is appended to the report.

After the opportunity for review by members of the legislature, the Joint Committee on Audit will likely hold a hearing on the audit's findings and recommendations. Other legislative committees occasionally hold separate hearings. The Joint Audit Committee may also hold additional hearings over time to monitor progress on follow-up to the recommendations.

## Conclusion

In his formal response attached to the main audit report, President Clancy notes that: "The System Office will work with technical college districts to ensure that all 5 of the report's recommendations are implemented." In a press release today, WTCS President Clancy and Board President Mary Cuene also publicly commended the LAB for its professional handling of sensitive personnel issues in completing the complex audit.

Significant media coverage and legislative comments on the audit report should be expected over the next days and weeks. President Clancy's formal response provides an excellent starting point for the dialog with the LAB and legislators. While the LAB report focuses on faculty salaries, any audit topic or others that may flow from the audit could be the subject of media or legislative interest.

*This report was prepared by Paul Gabriel, Executive Director of the Wisconsin Technical College District Boards Association, based on an initial reading of the 100+ page audit report and the best additional information available on its release date, March 13, 2007. He is responsible for the content. For questions or comments, contact him at 608 266-9430 or pgabriel@districtboards.org.*