

An Evaluation

Personnel Policies and Practices

Wisconsin Technical College System

2007-2008 Joint Legislative Audit Committee Members

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State Auditor – Janice Mueller

Audit Prepared by

Paul Stuibler, *Deputy State Auditor and Contact Person*

Shelby McCulley

Tim Coulthart

Robert Sommerfeld

Kathryn Strom Hiorns

Natalie Walleser

Director of Publications – Jeanne Thieme

Report Design and Production – Susan Skowronski

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Response

From the Wisconsin Technical College System President



STATE OF WISCONSIN
Legislative Audit Bureau

22 E. Mifflin St., Ste. 500
Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410
Leg.Audit.Info@legis.state.wi.us

Janice Mueller
State Auditor

March 13, 2007

Senator Jim Sullivan and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Sullivan and Representative Jeskewitz:

We have completed an evaluation of personnel policies and practices within the Wisconsin Technical College System (WTCS), as requested by the Joint Legislative Audit Committee. In March 2006, the 16 technical college districts employed 7,181 full- and part-time faculty and 5,664 full- and part-time support staff and administrators. Each district is a local unit of government that establishes its own personnel policies. The State's Technical College System Board and its 63 staff oversee certain district operations.

The earnings of WTCS employees reflect compensation rates and workloads specified in each district's policies and collective bargaining agreements. Full-time faculty earned an average of \$74,598 in fiscal year (FY) 2004-05, in part because most received additional compensation for work exceeding a full-time workload ranging from 32 to 40 hours per week. By comparison, faculty at the two-year University of Wisconsin Colleges earned an average of \$52,552 in 2005. Faculty in the largest WTCS district—Milwaukee Area—earned the most: an average of \$89,850.

Every district pays all or part of the cost of health insurance for retirees. By FY 2009-10, all public employers are required to report the cost of such non-pension benefits, which are known as other post-employment benefits (OPEB). Accounting rules do not require employers to fund these costs, but large unfunded liabilities could affect future operations. WTCS districts' OPEB liabilities are largely unfunded, and the Milwaukee Area district's is by far the greatest, at \$228.6 million.

The amounts of leave earned by WTCS employees vary widely. Full-time WTCS employees reported using an average of 6.0 days of sick leave in FY 2004-05, although 38.1 percent of faculty reported using no sick leave.

We appreciate the courtesy and cooperation extended to us by the Technical College System Board and each of the districts. A response from the WTCS President follows the appendices.

Respectfully submitted,

Janice Mueller
State Auditor

JM/PS/ss

Report Highlights ■

Personnel costs are the largest portion of WTCS expenses.

More than two-thirds of full-time faculty earned compensation beyond their base salaries in FY 2004-05.

Districts have varying policies and procedures for recording leave.

Several districts' retainer agreements did not follow competitive selection procedures.

Settlement agreements are used to resolve some personnel issues.

The Wisconsin Technical College System (WTCS) offers associate degree programs, technical diplomas and certificates, and customized training at 48 campuses operated by 16 technical college districts. The system employed 12,908 individuals, including 7,181 full- and part-time faculty, in March 2006.

The technical college districts are local units of government. Each is governed by an appointed board and funded through local property taxes, tuition, student fees, and state and federal aid. A state agency—the Technical College System Board and its 63 staff—oversees some district operations, but each of the 16 districts develops its own personnel policies and procedures, most of which are negotiated through collective bargaining. Approximately two-thirds of technical college staff are unionized employees.

At the direction of the Joint Legislative Audit Committee, we evaluated selected personnel policies and practices affecting both local and state employees of WTCS, including:

- compensation and fringe benefits for faculty and other employees, including the technical college presidents;
- the use and reporting of sick leave, vacation, and sabbatical time;
- adherence to state laws and policies governing the procurement of consulting services; and
- the use of settlement agreements to resolve personnel issues.

Our analysis of the employment of felons within WTCS, which was also requested by the Audit Committee, was described in a letter report released in June 2006. “Back-up positions” or similar job protections are not available to WTCS employees.

Funding and Expenditures

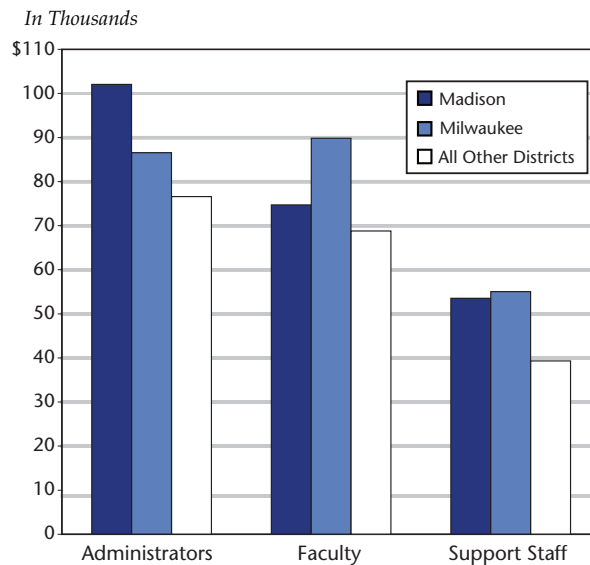
The expenditures of WTCS districts and the System Board totaled \$1.1 billion in fiscal year (FY) 2005-06. Employee salaries and fringe benefits accounted for more than two-thirds of that total. Local property taxes were the source of 56.0 percent of WTCS funding in FY 2005-06.

Salaries and Benefits

Average earnings vary, as shown in Figure 1, because of differences in the compensation rates and workloads specified in each district’s policies and collective bargaining agreements. In FY 2004-05, full-time WTCS administrators earned an average of \$77,567. Full-time faculty earned an average of \$74,598, and full-time support staff earned an average of \$43,636. In that year, 369 WTCS employees had earnings of at least \$100,000.

Figure 1

Average Earnings of Full-Time WTCS Employees
FY 2004-05



Full-time workloads for WTCS faculty, as defined by district collective bargaining agreements, averaged 35.7 hours per week. In FY 2004-05, 68.2 percent of full-time WTCS faculty earned additional compensation by working more than a full-time workload. Most of the additional earnings represent compensation for teaching additional courses.

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

We compared full-time faculty earnings in the ten technical college districts that also contain a four-year UW System institution. In 7 of the 10 districts, average earnings were higher for WTCS faculty than for UW System faculty. For example, in FY 2004-05, full-time faculty at Southwest Wisconsin Technical College earned an average of \$63,090. Full-time faculty at nearby UW-Platteville earned an average of \$60,895, a difference of \$2,195. During the same period, full-time faculty at Northeast Wisconsin Technical College earned an average of \$82,406. Faculty at nearby UW-Green Bay earned an average of \$57,199, or \$25,207 less.

WTCS employees also earn fringe benefits such as health and dental insurance, life insurance, and retirement benefits. All 16 districts provide health insurance benefits to full-time and at least some part-time employees. In addition, all districts provide health insurance benefits to some retirees. District costs for retiree insurance benefits totaled \$15.7 million in FY 2005-06.

Under new accounting rules, all public employers will be required to more fully disclose the costs of non-pension retiree benefits no later than FY 2009-10. Although accounting rules do not require employers to fund these costs, large unfunded liabilities could adversely affect employers' credit ratings and the cost of issuing bonds.

Of the 16 technical college districts, 13 have estimated their liabilities for benefits already promised to current and retired employees. Actuarial estimates of the costs of these non-pension post-retirement benefits range from \$3.3 million for the Northeast district to \$228.6 million for the Milwaukee Area district. The magnitude of Milwaukee Area's liability suggests the district could be challenged to meet its future financial obligations without significantly increasing revenues or significantly reducing its operating budget.

Compensation for technical college presidents typically includes a salary and the fringe benefits available to other employees, as well as a vehicle or vehicle allowance and supplemental contributions to retirement accounts. Technical college presidents' compensation in FY 2005-06 ranged from \$127,625 at Southwest Wisconsin to \$226,900 at Milwaukee Area.

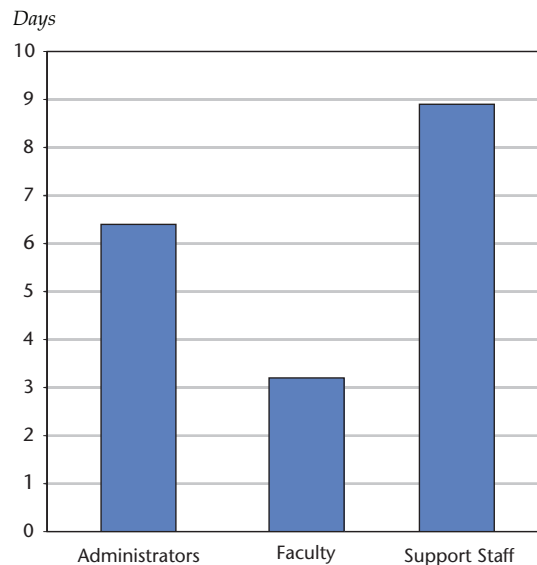
Leave Use

WTCS employees earn sick leave, as required by statutes. The amount earned each year varies based on collective bargaining agreements and individual district policies.

In FY 2004-05, full-time WTCS employees reported using an average of 6.0 days of sick leave. On average, faculty reported using 3.2 days while support staff reported using 8.9 days, as shown in Figure 2. Although most full-time employees reported using some sick leave during FY 2004-05, 38.1 percent of faculty reported using none, compared to 17.8 percent of administrators and 6.6 percent of support staff. A greater percentage of UW System employees reported using no sick leave in 2005.

Figure 2

Average Annual Sick Leave Use
FY 2004-05



To evaluate compliance with leave reporting requirements, we reviewed 336 employee leave files. Although most records appeared to be complete, we found several discrepancies between paper and electronic leave records.

All technical college districts offer sabbaticals to faculty, and seven allow support staff or administrators to apply for sabbatical leave. From July 2004 through March 2006, 17 employees took sabbaticals, including 15 faculty. We found general compliance with sabbatical procedures, although compliance with reporting requirements could be improved.

Retainer Agreements

We examined the extent to which technical college districts contract for professional services using retainer agreements, which establish fixed regular payments for agreed-upon services even though the amount and type of work may vary.

Eight districts reported a total of ten retainer agreements in FY 2005-06. Six of the ten contracts were with employee health care benefits consulting firms. While most retainer agreements met specified procurement requirements, we noted several concerns. In particular, the Waukesha County and Madison Area districts entered into retainer agreements exceeding \$25,000 without following the competitive selection process required by law.

Settlement Agreements

Twelve of the 16 districts reported that they had resolved personnel issues by negotiating settlement agreements with their employees. The most common reason for entering into an agreement was to terminate employment because of unsatisfactory performance. Other reasons included position elimination or restructuring, settlement of discrimination complaints, and termination for misconduct.

From July 2002 through March 2006, 81 settlement agreements were negotiated, including 17 by the Gateway district. Approximately one-half of the agreements involved administrators, with the remainder evenly split between faculty and support staff. Settlement payments totaled \$1.5 million over the period we reviewed. In addition, 47 of the 81 settlement agreements provided employer-paid health insurance benefits for varying periods.

Recommendations

Our report includes recommendations that the technical college districts:

- ☑ improve the accuracy of reporting long-term employee absences (*p. 50*);
- ☑ improve compliance with requirements for reporting sabbatical outcomes (*p. 54*);
- ☑ ensure that procurement practices for retainer agreements comply with state law and WTCS policies (*p. 60*); and
- ☑ annually report to the WTCS Board on the number, type, and cost of any settlement agreements they enter into (*p. 63*).

We also include recommendations for the WTCS Board to:

- ☑ report to the Legislature on all technical college districts' plans for addressing liabilities associated with retiree benefits costs (*p. 38*); and
- ☑ direct its staff to monitor the procurement policies and practices of each district (*p. 60*).

■ ■ ■ ■

Introduction ■

Each technical college district is a local unit of government that hires faculty and other staff.

Wisconsin's technical college districts are local units of government similar to school districts. Each is governed by a district board whose nine members are appointed by county board chairpersons or local school board presidents and approved by the State's Technical College System Board. Each district board is authorized by statutes to provide educational programs, levy a property tax to help support technical college operations, enter into contracts, and employ staff.

The personnel policies that govern most WTCS employees are negotiated through collective bargaining.

Table 1 shows each district's population and its full-time equivalent (FTE) enrollment and staffing levels in FY 2005-06. The 16 districts individually establish compensation levels, fringe benefits, and personnel policies for the faculty, support staff, and administrators of the 48 campuses shown in Figure 3. Nearly two-thirds of these WTCS employees are represented by unions and are governed by personnel policies and practices that have been negotiated through collective bargaining.

Table 1

WTCS District Population, Enrollment, and Staffing
FY 2005-06

District	District Population ¹	FTE Students	FTE Staff ²
Blackhawk	185,691	1,870	296.3
Chippewa Valley	296,102	4,395	487.3
Fox Valley	447,249	6,091	853.7
Gateway	444,930	5,042	732.7
Lakeshore	203,044	2,095	323.1
Madison Area	691,480	8,891	1,137.0
Mid-State	170,684	2,058	266.3
Milwaukee Area	1,049,249	13,043	2,038.3
Moraine Park	300,232	3,263	455.7
Nicolet Area	85,000	1,011	213.8
Northcentral	229,244	2,593	432.4
Northeast Wisconsin	409,156	6,060	783.3
Southwest Wisconsin	125,049	1,445	232.3
Waukesha County	388,334	3,845	626.9
Western	248,720	3,714	548.7
Wisconsin Indianhead	306,593	2,851	467.4
Total	5,580,757	68,267	9,895.2

¹ As of December 2005.

² Staffing information is for FY 2004-05, the most recent period for which data were available at the time of our fieldwork.

The Technical College System Board is staffed by state employees.

The State's 13-member Technical College System Board establishes educational policies and standards for WTCS institutions, sets uniform rates for tuition and fees, administers state and federal aid, approves capital projects, and supervises district operations through reporting and audit requirements. It also provides consultation, coordination, and support services to districts, and it works cooperatively with the Department of Public Instruction to coordinate secondary and postsecondary educational programs;

Figure 3

WTCS Districts and Campus Locations



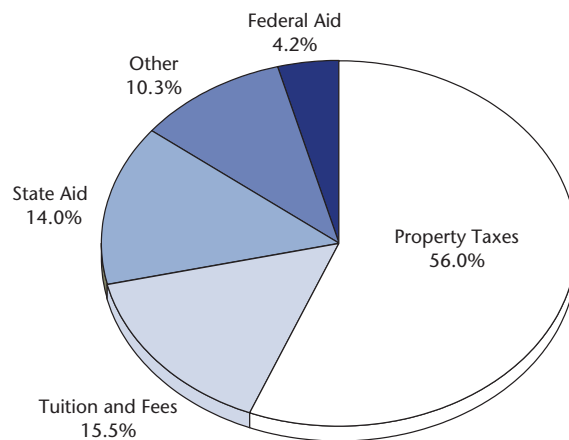
with UW System to establish coordinated programming; and with the Department of Workforce Development to provide training for apprentices. The System Board includes the Superintendent of Public Instruction, the Secretary of Workforce Development, and the President of the UW Board of Regents, or their designees, as well as ten gubernatorial appointees, including one technical college student. It is authorized 76.3 FTE state employees, who are subject to state employment policies.

Revenues and Expenditures

Local property taxes, tuition and student fees, and state funding support most WTCS activities. As shown in Figure 4, property taxes were the source of 56.0 percent of all WTCS revenues in FY 2005-06, when total revenues were \$1.1 billion. Tuition and fees, state and federal aid, and revenues from other sources—including gifts and grants, as well as income from interest, rents, auxiliary services such as bookstores and food service operations, and specialized training contracts—provided less than one-half of all FY 2005-06 funding. Information on each district’s property tax levy and mill rate is provided in Appendix 1.

Figure 4

WTCS Revenues FY 2005-06



**More than two-thirds of
WTCS expenditures
fund personnel.**

WTCS expenditures totaled \$1.1 billion in FY 2005-06 and increased 9.3 percent during the three-year period shown in Table 2. In each year, employee salaries and fringe benefits represented more than two-thirds of expenditures. These personnel costs increased 9.1 percent since FY 2003-04.

Table 2
WTCS Expenditures

Expenditures	FY 2003-04	FY 2004-05	FY 2005-06	Percentage Change FY 2003-04 to FY 2005-06
Personnel ¹	\$ 692,305,000	\$ 722,860,000	\$ 755,461,000	9.1%
Debt Service	114,437,000	114,565,000	119,592,000	4.5
Supplies and Equipment	50,874,000	51,188,000	53,524,000	5.2
Service Contracts ²	41,861,000	46,797,000	49,980,000	19.4
Auxiliary Services ³	26,347,000	27,998,000	28,252,000	7.2
Student Aid	15,516,000	16,862,000	18,467,000	19.0
Other ⁴	66,418,000	67,961,000	76,575,000	15.3
Total	\$1,007,758,000	\$1,048,231,000	\$1,101,851,000	9.3

¹ Includes the costs of district and System Board employees.

² Includes services provided by non-WTCS employees, such as janitorial services.

³ Includes expenses for enterprise services, such as bookstores and cafeterias.

⁴ Includes expenditures such as utilities, staff travel and training, and insurance.

FY 2005-06 personnel expenditures were greatest for the Milwaukee Area district, which also had the largest population and the most FTE students and employees. However, as shown in Table 3, personnel costs represented a larger percentage of the expenditures of two other districts: Gateway and Nicolet Area.

Table 3

Personnel Expenditures
FY 2005-06

Institution	Personnel Expenditures	All Expenditures	Personnel as Percentage of All Expenditures
Blackhawk	\$ 19,781,000	\$ 29,975,000	66.0%
Chippewa Valley	39,982,000	57,402,000	69.7
Fox Valley	66,261,000	104,682,000	63.3
Gateway	57,355,000	77,272,000	74.2
Lakeshore	22,448,000	34,031,000	66.0
Madison Area	91,760,000	134,287,000	68.3
Mid-State	20,762,000	29,383,000	70.7
Milwaukee Area	160,690,000	223,896,000	71.8
Moraine Park	31,376,000	53,174,000	59.0
Nicolet Area	17,586,000	24,175,000	72.7
Northcentral	30,858,000	44,434,000	69.4
Northeast Wisconsin	54,607,000	83,426,000	65.5
Southwest Wisconsin	15,345,000	22,169,000	69.2
Waukesha County	52,380,000	74,360,000	70.4
Western	36,282,000	55,225,000	65.7
Wisconsin Indianhead	32,746,000	46,452,000	70.5
System Board	5,242,000	7,508,000	69.8
Total	\$755,461,000	\$1,101,851,000	68.6

In 2005 and 2006, when concerns were raised about the personnel practices of UW System, some legislators and others sought comparative information about WTCS. Therefore, at the direction of the Joint Legislative Audit Committee, we evaluated personnel policies and practices within WTCS, including compensation and benefits, leave use and reporting, the engagement of consultants through retainer agreements, the use of settlement agreements to resolve personnel issues, the availability of a form of job protection that UW System offered to certain employees, and the employment of felons.

To complete this evaluation, we:

- examined each of the 16 technical college districts' personnel policies, including those related to workload, salary, and benefits; the 44 collective bargaining agreements negotiated by individual districts and local employee unions; and state law;

- examined payroll and expenditure data reported by individual technical college districts, and compared reported compensation for WTCS faculty to salary information gathered by the federal Department of Education's National Center for Education Statistics and to earnings information for UW System faculty;
- analyzed leave accumulation and use data provided by the districts, as well as available information on sabbatical leave, contracting for professional services using retainer agreements, and settlements negotiated by districts to resolve personnel issues;
- visited 7 districts, where we interviewed administrators, staff, and union officials and reviewed selected employee leave files;
- interviewed staff of the Technical College System Board; and
- interviewed staff of the Wisconsin Education Association Council (WEAC) and the American Federation of Teachers-Wisconsin (AFT-WI), the unions with which most of the local college collective bargaining units are affiliated.

“Back-up positions” or similar job protections are not available to WTCS employees.

Our analysis of the employment of felons within WTCS was released as a letter report in June 2006. During the course of this evaluation, we determined that “back-up positions” or similar job protections are not available to WTCS employees.

It should be noted that despite some similarities among their employees and missions—including those that have spurred recent efforts to develop credit transfer agreements and expand access to baccalaureate education—WTCS and UW System are distinct educational systems. For example:

- WTCS is a decentralized network of local governments, each with its own board, that is coordinated and supported by a small state agency. UW System is the largest state agency, and it operates under a system of shared governance that involves the Board of Regents, UW System Administration, and faculty at each institution.

- WTCS provides two-year associate degree programs, as well as one- and two-year technical diplomas, short-term technical certificates, and customized training and technical assistance to businesses and industry. UW System offers associate, baccalaureate, and graduate degrees in academic disciplines, as well as continuing education and professional degree programs in disciplines such as law, medicine, and business.
- The primary responsibility of WTCS faculty is instruction. UW System faculty also have formal research and public service responsibilities.

WTCS Employees

Faculty is the term we use for WTCS employees whose primary responsibilities are instructing or counseling students.

Using payroll data for March 2006, we categorized all WTCS employees according to their position titles and responsibilities. As shown in Table 4, the majority—55.6 percent of all employees—can be considered faculty. We applied that term to full- and part-time instructors, as well as to employees whose primary responsibilities are teaching, curriculum development, or working directly with students as counselors.

Support staff is the term we use for individuals who provide technical and paraprofessional services such as tutoring, sign language interpretation, computer programming, financial aid processing, and accounting, as well as for clerical employees and maintenance staff. Our term for individuals who create and enforce policies or oversee college operations, but who do not provide direct services to students, is administrators. They include the technical college presidents and other officials, as well as department managers and all 63 state employees who were on the payroll of the System Board in March 2006.

Table 4

WTCS Employees¹ March 2006

Type	Number	Percentage of Total
Faculty	7,181	55.6%
Support Staff	4,448	34.5
Administrators	1,279	9.9
Total	12,908	100.0%

¹ Includes full-time and part-time local government and state employees paid in March 2006. Excludes students employed by WTCS districts.

Table 5 shows the number of individuals employed by each WTCS institution in March 2006. Among the districts, Nicolet Area had the fewest employees and Milwaukee Area had the most. In each district, most employees were faculty: percentages ranged from 47.4 percent for the Western district to 69.8 percent for the Southwest Wisconsin district.

Table 5

WTCS Employees, by Institution¹
March 2006

Institution	Faculty	Support Staff	Administrators	Total
Blackhawk	247	135	75	457
Chippewa Valley	366	223	55	644
Fox Valley	639	306	103	1,048
Gateway	502	349	54	905
Lakeshore	203	161	42	406
Madison Area	1,104	634	98	1,836
Mid-State	183	90	53	326
Milwaukee Area	1,195	805	180	2,180
Moraine Park	305	224	72	601
Nicolet Area	137	102	27	266
Northcentral	313	213	79	605
Northeast Wisconsin	571	445	112	1,128
Southwest Wisconsin	236	81	21	338
Waukesha County	612	279	81	972
Western	215	185	54	454
Wisconsin Indianhead	353	216	110	679
System Board ²	0	0	63	63
Total	7,181	4,448	1,279	12,908

¹ Includes full-time and part-time local government and state employees paid in March 2006. Excludes students employed by WTCS districts.

² Staff of the System Board are state employees responsible for overall administration of the technical college system and do not provide direct services to students.

***In March 2006,
65.2 percent of
WTCS employees were
represented by unions.***

In March 2006, 65.2 percent of WTCS employees were represented by unions, as shown in Table 6. The Milwaukee Area, Western, Waukesha County, and Madison Area districts had the highest levels of union representation. The lowest levels of union representation were in the Lakeshore district and the Blackhawk district.

Table 6

WTCS Employees Represented by Unions
March 2006

	Total Employees	Represented Employees	
	Number	Number	Percentage
Blackhawk	457	151	33.0%
Chippewa Valley	644	397	61.6
Fox Valley	1,048	644	61.5
Gateway	905	544	60.1
Lakeshore	406	116	28.6
Madison Area	1,836	1,481	80.7
Mid-State	326	160	49.1
Milwaukee Area	2,180	1,927	88.4
Moraine Park	601	322	53.6
Nicolet Area	266	147	55.3
Northcentral	605	318	52.6
Northeast Wisconsin	1,128	481	42.6
Southwest Wisconsin	338	167	49.4
Waukesha County	972	838	86.2
Western	454	397	87.4
Wisconsin Indianhead	679	284	41.8
System Board	63	41	65.1
Total	12,908	8,415	65.2

District employees are represented by 44 collective bargaining units.

Each of the 16 WTCS districts negotiates collective bargaining agreements with one or more of the local union affiliates that represent its technical college faculty and support staff. For example, Western's paraprofessional support staff are represented by AFT-WI, while custodial staff are represented by the International Brotherhood of Teamsters. As shown in Table 7, most of the local bargaining units, including all faculty bargaining units, are associated with either WEAC or AFT-WI. However, the 16 districts have negotiated a total of 44 collective bargaining agreements that address salary, fringe benefits, work rules, and other personnel policies and practices.

Table 7

Collective Bargaining Agreements within WTCS Districts

Local Union Affiliations ¹	Faculty	Support Staff	Total
WEAC	9	12	21
AFT-WI	9	6	15
AFSCME	0	4	4
Teamsters	0	2	2
IBEW	0	1	1
LAW	0	1	1
Total	18	26	44

¹ WEAC: Wisconsin Education Association Council
AFT-WI: American Federation of Teachers-Wisconsin
AFSCME: American Federation of State, County, and Municipal Employees
Teamsters: International Brotherhood of Teamsters
IBEW: International Brotherhood of Electrical Workers
LAW: Labor Association of Wisconsin

Appendix 2 provides more detail on union representation in each of the 16 districts.

■ ■ ■ ■

Employee Compensation and Fringe Benefits ■

Compensation and benefit levels vary by WTCS institution.

Because 16 different local units of government employ WTCS staff, compensation and benefit levels vary by institution. Using information that districts report to the Technical College System Board, and state payroll records for the System Board's staff, we analyzed the earnings and workloads of full-time WTCS employees. Our analysis focused on faculty compensation and workload policies, which govern the largest percentage of WTCS employees and have the most significant effect on personnel costs. We also reviewed fringe benefits available to active and retired district employees, fringe benefit costs, and compensation for technical college presidents.

Earnings and Workload

The earnings of most WTCS employees reflect compensation rates and workloads that have been negotiated through collective bargaining.

The earnings of most WTCS employees reflect compensation rates and workloads that have been negotiated through collective bargaining agreements between the 16 districts and the 44 local unions that represent faculty and support staff. Variations in earnings reflect negotiated differences in compensation rates, which typically reflect education or experience and years of service.

Full-time WTCS faculty can earn additional compensation beyond their base salaries by teaching summer school, which is typically not included in their nine-month contracts; by teaching more courses than required during a contract period; or for other activities specified in their contracts. Each district's base faculty salaries for FY 2005-06 at three levels of education and experience are shown in Appendix 3.

Average Earnings

In FY 2004-05, full-time WTCS faculty had average earnings of \$74,598.

Table 8 shows average earnings for full-time WTCS faculty, support staff, and administrators from FY 2002-03 through FY 2004-05. During that period, administrators had the highest average earnings, while faculty had the largest increases in average earnings. In FY 2004-05, full-time WTCS faculty had average earnings of \$74,598.

Table 8

Average Earnings by Employee Type¹
(Full-Time Employees)

Employee Type	FY 2002-03	FY 2003-04	FY 2004-05	Percentage Change	
				FY 2002-03 to FY 2003-04	FY 2003-04 to FY 2004-05
Faculty	\$69,615	\$71,715	\$74,598	3.0%	4.0%
Support Staff	41,562	42,563	43,636	2.4	2.5
Administrators	73,207	75,651	77,567	3.3	2.5
All Employees	59,091	61,016	63,222	3.3	3.6

¹ Includes all employees who worked at least 100.0 percent of a full-time workload, as defined by the employer, including state employees who staff the System Board. Does not include students employed by the districts or contracted workers. Amounts reflect negotiated salaries or hourly rates of pay and any earned overtime or other compensation for work that exceeds a normal workload, as defined in applicable district policies and collective bargaining agreements.

Among the 16 WTCS districts, average full-time earnings in FY 2004-05 ranged from \$32,204 for support staff in the Wisconsin Indianhead district to \$102,053 for administrators in the Madison Area district. Among full-time faculty, average earnings ranged from \$57,666 in the Western district to \$89,850 in the Milwaukee Area district, as shown in Table 9.

Appendix 4 provides additional detail on the earnings of full-time WTCS employees, including the highest and lowest earnings at each institution by employee type. The highest faculty earnings ranged from \$85,680 at Southwest Wisconsin to \$191,528 at Northeast Wisconsin.

Table 9

Average Earnings by Employee Type and District¹
 (Full-Time Employees)
 FY 2004-05

Institution	Faculty	Support Staff	Administrators
Blackhawk	\$63,380	\$35,274	\$69,719
Chippewa Valley	71,489	40,622	81,606
Fox Valley	73,068	43,865	89,292
Gateway	74,833	42,710	72,924
Lakeshore	71,414	38,182	78,302
Madison Area	74,719	53,517	102,053
Mid-State	65,818	41,506	95,079
Milwaukee Area	89,850	55,023	86,556
Moraine Park	64,871	38,772	72,945
Nicolet Area	77,478	40,426	92,462
Northcentral	62,165	38,615	73,885
Northeast Wisconsin	82,406	41,521	71,684
Southwest Wisconsin	63,090	38,201	78,592
Waukesha County	74,517	43,496	82,841
Western	57,666	35,153	71,582
Wisconsin Indianhead	61,163	32,204	60,389
System Board ²	–	–	57,428
Average	74,598	43,636	77,567

¹ Includes all employees who worked at least 100.0 percent of a full-time workload, as defined by the employer, including state employees who staff the System Board.

Does not include students employed by the districts or contracted workers. Amounts reflect negotiated salaries or hourly rates of pay and any earned overtime or other compensation for work that exceeds a normal workload, as defined in applicable district policies and collective bargaining agreements. Position classifications are self-reported by each institution.

² All staff of the System Board were categorized as administrators for this analysis.

As shown in Table 10, the Milwaukee Area district had the largest number of employees with earnings of at least \$100,000 in FY 2004-05, including 169 of the 250 WTCS faculty with earnings at that level. The Madison Area district had the largest number of administrators with earnings of at least \$100,000. Appendix 5 provides additional detail on employees with earnings of at least \$100,000.

Table 10

WTCS Employees with Earnings of at Least \$100,000¹
FY 2004-05

Institution	Faculty ²	Support Staff ³	Administrators ⁴	Total
Blackhawk	0	0	2	2
Chippewa Valley	1	0	3	4
Fox Valley	12	1	14	27
Gateway	10	0	7	17
Lakeshore	1	0	3	4
Madison Area	13	0	37	50
Mid-State	2	0	5	7
Milwaukee Area	169	0	19	188
Moraine Park	2	0	3	5
Nicolet Area	2	0	4	6
Northcentral	0	0	2	2
Northeast Wisconsin	32	0	6	38
Southwest Wisconsin	0	0	1	1
Waukesha County	5	0	7	12
Western	1	0	2	3
Wisconsin Indianhead	0	0	1	1
System Board	0	0	2	2
Total	250	1	118	369

¹ Includes all employees who worked at least 100.0 percent of a full-time workload, as defined by the employer, including state employees who staff the System Board. Does not include students employed by the districts or contracted workers. Amounts reflect negotiated salaries or hourly rates of pay and any earned overtime or other compensation for work that exceeds a normal workload as defined in the applicable district policies and collective bargaining agreements.

² Average earnings for this group were \$113,050.

³ More than one-half of this individual's earnings reflect overtime and compensation for on-call duties.

⁴ Average earnings for this group were \$119,975.

Workload Variations

Full-time workloads vary within WTCS institutions and from institution to institution.

As noted, the earnings of most WTCS employees reflect compensation rates and workloads that have been negotiated through collective bargaining. Workload requirements vary within WTCS institutions and from institution to institution. However, full-time administrators and support staff are generally required to work more hours per week than full-time faculty.

In FY 2004-05, a full-time workload averaged 39.6 hours per week for administrators, 38.9 hours per week for support staff, and 35.7 hours per week for faculty. As shown in Table 11, full-time faculty workloads ranged from 32 hours per week in the Milwaukee Area district to 40 hours per week in the Chippewa Valley district. Full-time administrators and support staff generally work year-round, while faculty contracts are for a nine-month school year that begins in August or September and ends in May.

Table 11

Full-Time Workload in Hours per Week¹
FY 2004–05

Institution	Faculty	Support Staff	Administrators
Blackhawk	35	40	40
Chippewa Valley	40	40	40
Fox Valley	35	37.5	40
Gateway	35	40	40
Lakeshore	37.5	38.75 ²	40
Madison Area	35	38.75 ³	38.75
Mid-State	35	38.75 ³	40
Milwaukee Area	32 ⁴	40 ⁵	40
Moraine Park	37.5	37.5 ²	37.5
Nicolet Area	38.75	40 ⁶	40
Northcentral	35	38.75	38.75
Northeast Wisconsin	35	37.5 ⁷	40
Southwest Wisconsin	35	40	40
Waukesha County	35	40	40
Western	35	37.5 ³	40
Wisconsin Indianhead	35	37.5 ³	37.5
System Board	–	–	40
Average	35.7	38.9	39.6

¹ Represents weekly hours during the contract period, which is typically 9 months for faculty and 12 months for support staff and administrators.

² Some support staff work 40 hours per week.

³ Custodians work 40 hours per week.

⁴ Individuals represented by the faculty bargaining agreement who are not instructors, such as counselors, typically work 37.5 hours per week.

⁵ Some support staff work 38.75 hours per week.

⁶ Some support staff work 35 hours per week.

⁷ Maintenance staff work 40 hours per week.

Workload requirements for full-time WTCS faculty typically include 15 to 22 hours per week for providing instruction; 3 to 5 hours per week for office hours to meet with students; and additional time for class preparation, grading assignments and tests, attending department meetings, advising students, and other duties. Five of the seven districts we visited follow an open campus policy under which faculty may complete duties other than instruction and office hours at off-campus locations. The other two districts require faculty to perform such duties while on campus.

Full-time faculty earned additional compensation by exceeding 110.0 percent of their contractual workloads.

Faculty workloads vary somewhat by semester, so a workload slightly above or below 100.0 percent may still fall within a district’s normal full-time workload range. While the point at which additional compensation begins varies based on detailed provisions of each district’s collective bargaining agreements, faculty working more than 110.0 percent of an FTE workload generally receive additional compensation for that work. Based on their contract’s definition of a full-time workload, 68.2 percent of full-time WTCS faculty worked the equivalent of 1.1 or more FTE positions in FY 2004-05.

As shown in Table 12, average earnings increased with increases in workload. The 13.1 percent of faculty whose workloads were equivalent to 1.5 or more positions, as defined by their contracts, had average earnings of \$99,351. Earnings for faculty with the largest workloads were approximately one-third more than the average for all full-time WTCS faculty.

Table 12

**Faculty Earnings Relative to Contracted Workload
FY 2004-05**

FTE Workload	Percentage of All Full-Time Faculty	Average Earnings
1.0 to 1.09	31.8%	\$63,374
1.1 to 1.19	23.2	70,176
1.2 to 1.29	16.5	75,590
1.3 to 1.39	9.6	80,097
1.4 to 1.49	5.8	85,927
1.5 and greater	13.1	99,351
Total	100.0%	74,598

Information we gathered for a sample of 97 of the 250 most highly compensated WTCS faculty in FY 2004-05 confirms that earnings increase significantly with increases in workload. For example:

- In the Northeast district, a faculty member earned 186.2 percent more than her base salary of \$66,918, or an additional \$124,610, primarily by teaching 13 additional courses during the academic year, including on-line and other nontraditional courses, and 4 courses during the summer session.
- In the Western district, a faculty member earned 65.4 percent more than her base salary of \$64,654, or an additional \$42,312, primarily by teaching 3 summer courses and 12 additional courses during the academic year, including 9 online courses. Her additional earnings also reflect compensation for activities such as curriculum development and student club advising.
- In the Milwaukee Area district, a faculty member earned 52.1 percent more than his base salary of \$82,796, or an additional \$43,129, primarily by teaching 4 summer courses and 4 additional courses during the academic year. His additional earnings also reflect retroactive pay under a collective bargaining agreement and compensation for other non-instructional duties.
- In the Milwaukee Area district, the faculty union president earned 50.7 percent more than his base salary of \$82,786, or an additional \$41,949, primarily by teaching more courses than required under a contract provision that reduces the workload of union officials in that district.
- In the Gateway district, a faculty member earned 38.1 percent more than her base salary of \$74,189, or an additional \$28,259, primarily by teaching 3 summer courses and 5 additional courses during the academic year. Her additional earnings also reflect compensation for curriculum development work and a lump-sum longevity payment.

Most additional faculty compensation was for teaching additional courses.

In total, the 97 individuals in our sample earned an additional \$3.7 million for exceeding their negotiated workloads in FY 2004-05. They increased their base salaries by an average of \$37,778 and, as shown in Table 13, compensation for teaching additional courses was the reason for 83.4 percent of their additional earnings. Seven districts had employed these individuals for periods ranging from 2 to 34 years at the time of our fieldwork.

Table 13

**Additional Earnings of WTCS Faculty with Earnings of at Least \$100,000¹
FY 2004-05**

Reason	Amount	Percentage of Total
Teaching Additional Courses	\$3,057,455	83.4%
Retroactive Pay ²	137,874	3.8
Curriculum Development	128,606	3.5
Department Chair Duties	117,353	3.2
Other ³	92,958	2.5
Assistance at Technology Centers	57,602	1.6
Professional Development ⁴	32,728	0.9
Severance Pay	27,500	0.8
Counseling	12,417	0.3
Total	\$3,664,493	100.0%

¹ Based on a sample of 97 of the 250 full-time WTCS faculty who earned more than \$100,000 in FY 2004-05.

² For union contracts resolved after the contract period ended.

³ Includes payments for mentoring, student clubs, other miscellaneous duties, and longevity.

⁴ Includes payments for coursework or having an advanced degree and other training.

Policies for assigning and compensating extra instructional work vary by bargaining unit.

Like workload requirements, policies for assigning and compensating work that exceeds those requirements are negotiated through collective bargaining. Therefore, these policies vary by district. For example:

- in 7 of the 16 districts, extra work must first be offered to represented employees;

- 13 collective bargaining agreements specify payment rates for curriculum development on a project, hourly, or per credit basis; and
- compensation for extra instructional assignments during the school year is equal to usual rates of pay in 11 districts. It exceeds usual rates of pay in the Lakeshore, Madison Area, and Moraine Park districts and is below the base pay rate in the Milwaukee Area and Nicolet Area districts.

Six districts compensate some union leaders for union activities.

The Chippewa Valley, Fox Valley, Gateway, Madison Area, Milwaukee Area, and Waukesha County technical college districts have also reduced the standard workload or negotiated other arrangements that allow individuals in certain union leadership positions to be compensated by the district for some union activities.

The 16 WTCS districts' policies and pay rates for additional instructional responsibilities are summarized in Appendix 6. Workload reductions available to union leaders and district funding arrangements are summarized in Appendix 7.

Comparisons of Faculty Compensation

Because WTCS personnel costs are affected by both salary and other compensation rates, we compared average salary and earnings data for full-time WTCS faculty with the compensation data available for instructional staff at other public two-year colleges.

Average base salaries for full-time WTCS faculty are among the highest reported nationally.

Each year, the federal Department of Education's National Center for Education Statistics compiles salary information for instructional staff at public two-year colleges, using data reported by the institutions. For the 2004-05 academic year, the average base salary reported for full-time WTCS faculty was the third-highest reported nationally: \$61,065. California reported \$69,872, and Michigan reported \$64,140. The national average was \$50,164.

Table 14 compares average reported salaries for full-time faculty at two-year institutions in the Midwest. The average base salary reported for WTCS faculty exceeded that of all midwestern states except Michigan, as well as the average base salary reported for full-time faculty at UW Colleges.

Table 14

**Base Salaries of Full-Time Faculty at Public Two-Year Institutions
Surrounding Midwestern States, 2004-05**

State	Number of Schools ¹	Number of Full-Time Faculty ²	Average Base Salary ²
Michigan	23	2,278	\$64,140
Wisconsin (WTCS)	16	2,971	61,065
Minnesota	27	2,464	56,168
Illinois	48	4,363	55,739
Wisconsin (UW Colleges)	13	294	49,817
Ohio	33	2,999	48,724
Iowa	16	1,196	42,612
Indiana	14	1,117	41,245
Total	190	17,682	52,439

¹ Represents the number that submitted survey data.

² As reported by the institution in its survey response.

Source: Department of Education, National Center for Education Statistics

Using payroll data, we also compared actual earnings for WTCS and UW System faculty at the two-year colleges. We found that average earnings for full-time WTCS faculty—\$74,598 in FY 2004-05—exceeded average earnings for full-time faculty at the two-year UW Colleges—\$52,552 in 2005—by approximately \$22,000.

Table 15 compares average full-time faculty earnings in the ten technical college districts that also include a four-year UW System institution. In seven districts, average earnings were higher for WTCS faculty. In three districts—Madison Area, Western, and Wisconsin Indianhead—they were higher for full-time faculty at four-year UW System institutions.

We note that personnel costs for faculty are affected by market factors, tenure, market factors, collective bargaining agreements, and fringe benefits, as well as by staffing decisions made at each institution. For example, the extent to which institutions rely on part-time faculty can affect personnel costs.

Table 15

**Comparison of Earnings by WTCS and UW Faculty
(Full-Time Employees)**

WTCS District	Average FY 2004-05 WTCS Faculty Earnings	UW Institution (Four-Year Only)	Average 2005 UW Faculty Earnings	Difference in Average Earnings
Blackhawk	\$63,380	None in district	–	–
Chippewa Valley	71,489	UW-Eau Claire	\$ 61,512	\$ 9,977
		UW-Stout	61,089	10,400
		UW-River Falls	61,711	9,778
Fox Valley	73,068	UW-Oshkosh	61,514	11,554
Gateway	74,833	UW-Parkside	63,900	10,933
		UW-Whitewater	64,010	10,823
Lakeshore	71,414	None in district	–	–
Madison Area	74,719	UW-Madison	101,125	(26,406)
Mid-State	65,818	UW-Stevens Point	61,012	4,806
Milwaukee Area	89,850	UW-Milwaukee	77,139	12,711
Moraine Park	64,871	None in district	–	–
Nicolet	77,478	None in district	–	–
Northcentral	62,165	None in district	–	–
Northeast Wisconsin	82,406	UW-Green Bay	57,199	25,207
Southwest Wisconsin	63,090	UW-Platteville	60,895	2,195
Waukesha County	74,517	None in district	–	–
Western	57,666	UW-La Crosse	65,311	(7,645)
Wisconsin Indianhead	61,163	UW-Superior	61,724	(561)

Fringe Benefits

Fringe benefits for most WTCS employees are subject to collective bargaining.

Individual technical college districts establish fringe benefit policies for their employees, subject to collective bargaining agreements. Staff of the Technical College System Board, who are employed by the State, are subject to its fringe benefit policies, which also apply to UW System employees.

All 16 technical college districts participate in the Wisconsin Retirement System, which provides pensions to eligible retirees of the State and participating local governments. In addition, all districts and the State offer health insurance to full-time and some

part-time employees. Health insurance benefit options are complex and cannot be summarized here. However, health insurance is typically available—with or without employee-paid premiums and co-payments for services—to WTCS district employees working 50.0 percent or more. The Madison Area and Milwaukee Area districts offer the same level of benefits to all staff who work at least 50.0 percent. The Nicolet Area district does so for faculty, and the 13 other districts prorate health insurance benefits based on the number of hours worked by part-time staff.

Fringe benefit costs averaged \$23,789 per full-time employee in FY 2004-05.

Average fringe benefit costs for all full-time WTCS employees increased 20.5 percent during the three-year period shown in Table 16, from \$19,744 per employee in FY 2002-03 to \$23,789 per employee in FY 2004-05. Increases in health insurance costs likely explain most of the increase in fringe benefit costs.

Table 16

Average Fringe Benefit Costs¹
(Full-Time Employees)

Employee Type	FY 2002-03	FY 2003-04	FY 2004-05	Percentage Change FY 2002-03 to FY 2004-05
Faculty	\$21,726	\$24,518	\$25,923	19.3%
Support Staff	16,426	18,452	20,069	22.2
Administrators	22,461	25,495	26,621	18.5
All WTCS Employees ¹	19,744	22,311	23,789	20.5

¹ Includes staff of the System Board. Does not include student employees or contracted workers.

As shown in Table 17, average fringe benefit costs vary by WTCS institution. In FY 2004-05, they ranged from \$17,335 per full-time employee of the Wisconsin Indianhead district to \$27,640 per full-time employee of the Milwaukee Area district. These variations reflect not only regional differences in health care costs, but also differences in insurance rates based on group size and underwriting characteristics, differences in benefit levels, and differences in the extent to which benefit costs are shared by employees. Fringe benefit costs can also be compared using the fringe benefit rate,

which compares them to average earnings. For example, while Milwaukee Area’s fringe benefit costs were the highest among the 16 districts, its fringe benefit rate was third-lowest because of employees’ high average earnings.

Table 17

Average Fringe Benefit Costs by WTCS Institution¹
 (Full-Time Employees)
 FY 2004-05

Institution	Average Earnings	Average Fringe Benefit Costs	Fringe Benefit Rate
Blackhawk	\$55,172	\$19,813	35.9%
Chippewa Valley	60,454	22,523	37.3
Fox Valley	62,056	23,207	37.4
Gateway	63,313	26,418	41.7
Lakeshore	59,548	22,949	38.5
Madison Area	68,594	24,597	35.9
Mid-State	58,232	22,856	39.2
Milwaukee Area	79,548	27,640	34.7
Moraine Park	54,465	24,124	44.3
Nicolet Area	58,349	24,905	42.7
Northcentral	54,430	23,089	42.4
Northeast Wisconsin	65,419	22,127	33.8
Southwest Wisconsin	53,464	20,972	39.2
Waukesha County	61,059	26,133	42.8
Western	51,184	20,390	39.8
Wisconsin Indianhead	50,207	17,335	34.5
System Board	57,428	18,863	32.8

¹ Does not include student employees or contracted workers.

Districts’ pension-related debt totaled \$30.5 million in FY 2005-06.

Pension benefits for WTCS employees are generally funded through ongoing employer and employee contributions, which are calculated as a percentage of earnings, and through investment returns. However, districts’ ongoing contributions do not always cover their full pension obligations, such as pension enhancements for all Wisconsin Retirement System participants included in

1999 Wisconsin Act 11. As shown in Table 18, districts’ pension obligation costs as of June 2006 totaled \$30.5 million. Many districts have issued bonds to cover these costs, and 12 have debt remaining from these bonds. The remaining four districts—Madison Area, Nicolet Area, Southwest Wisconsin, and Waukesha County Technical College—reported no outstanding Wisconsin Retirement System pension debt as of June 2006.

Table 18

Pension-Related Debt of WTCS Districts
June 30, 2006

District	Amount ¹	Scheduled Date for Debt Retirement
Blackhawk	\$ 680,000	2010
Chippewa Valley	3,640,000	2013
Fox Valley	3,220,000	2009
Gateway	1,275,000	2009
Lakeshore	3,000,000	2024
Madison Area	–	–
Mid-State	2,528,000	2009
Milwaukee Area	4,810,000	2008
Moraine Park	1,285,000	2009
Nicolet Area	–	–
Northcentral	1,695,000	2008
Northeast Wisconsin	1,820,000	2009
Southwest Wisconsin	–	–
Waukesha County	–	–
Western	3,215,000	2012
Wisconsin Indianhead	3,340,000	2013
Total	\$30,508,000	

¹ Represents remaining balances on bonds issued by the districts to pay their Wisconsin Retirement System pension debt.

Retiree Benefits

Every WTCS district pays all or part of the cost of health insurance for its retired employees. Retired state employees must purchase health insurance, but a state sick leave conversion program credits eligible retirees for unused, accumulated sick leave and allows credits to be used for the purchase of post-employment health insurance provided through the Wisconsin Retirement System.

Every district pays all or part of the cost of health insurance for retired employees.

As shown in Table 19, eligibility for retiree health insurance benefits varies among WTCS districts, but most offer the benefit based primarily on retiree age and years of service. Faculty and administrators in 11 of the 16 districts can retire and receive health insurance benefits at age 55, provided they meet length of service requirements. Six districts offer programs similar to the State’s sick leave conversion program. Four offer both options or a combination of the two.

Table 19

Eligibility for Retiree Health Insurance Benefits

District	Based on Age and Years of Service	Based on the Number of Unused Sick Days
Blackhawk	✓	
Chippewa Valley	✓	
Fox Valley	✓	
Gateway	✓	
Lakeshore	✓	
Madison Area	✓	✓
Mid-State	✓	✓
Milwaukee Area	✓	✓
Moraine Park	✓	
Nicolet Area		✓
Northcentral	✓	
Northeast Wisconsin	✓	
Southwest Wisconsin	✓	✓
Waukesha County	✓	
Western	✓	
Wisconsin Indianhead		✓

In 11 of the 16 districts, retiree health insurance benefits end at either age 65 or upon eligibility for Medicare. In the other five districts, benefits end after a specified number of years, which ranges from 3 to 8, or when sick leave conversion credits have been exhausted.

Some retirees from the Milwaukee Area and Waukesha County districts are eligible for lifetime health insurance benefits.

However, two districts offer comparatively more generous benefits. In addition to paying for health insurance until Medicare eligibility is attained, Milwaukee Area pays one-half the cost of a Medicare supplement policy for the retiree’s lifetime, and the Waukesha County district pays the full cost of such a policy if the retiree was hired before either July 2004 or January 2006, depending on employee type. In addition, Milwaukee Area employees can convert one-half of their unused sick leave up to a maximum of 43, 45, or 48 days, depending on the bargaining unit, into a cash payment at retirement. Appendix 8 includes additional information on retiree health insurance benefits available to district employees.

District costs for retiree insurance benefits totaled \$15.7 million in FY 2005-06.

District costs to provide health insurance and other benefits to retirees vary according to the number of retirees covered, as well as the types and levels of benefits provided. As shown in Table 20, they ranged in FY 2005-06 from a total of \$145,537 for the Blackhawk district to \$4.3 million for the Milwaukee Area district, and they totaled \$15.7 million.

Table 20

**District Costs for Retiree Insurance Benefits
FY 2005-06**

District	Amount
Blackhawk	\$ 145,537
Chippewa Valley	849,559
Fox Valley	1,354,399
Gateway	1,188,883
Lakeshore	418,063
Madison Area	453,000
Mid-State	583,114
Milwaukee Area	4,260,000
Moraine Park	813,000
Nicolet Area	331,736
Northcentral	660,610
Northeast Wisconsin	253,855
Southwest Wisconsin	191,300
Waukesha County	3,021,174
Western	655,691
Wisconsin Indianhead	539,347
Total	\$15,719,268

Accounting for Non-Pension Retirement Benefits

Health insurance in retirement and other non-pension benefits are known as other post-employment benefits (OPEB).

Health insurance in retirement and other non-pension benefits that employees earn while working but are paid in retirement are known as other post-employment benefits (OPEB). Historically, the WTCS districts and other employers have funded OPEB expenses on a “pay as you go” basis and have not calculated their long-term costs. Those costs are expected to increase significantly over time as both the costs of health insurance and the number of retirees increase. Employers are limited in the extent to which they can modify OPEB benefits that current employees and retirees have already earned.

In 2004, the Governmental Accounting Standards Board issued new rules requiring public employers to recognize the cost of benefits as they accrue to current employees by more fully accounting for and disclosing OPEB costs in their annual financial statements. The rules take effect in FY 2007-08, FY 2008-09, or FY 2009-10, depending on the size of the employer.

The Milwaukee Area district has an estimated \$228.6 million OPEB liability.

One component of OPEB reporting is termed the “actuarial accrued liability.” It reflects the cost of benefits already earned by current and retired employees and is based on actuarial estimates of how long employees will work, how long retirees will collect benefits, future health care costs, and the interest rate that could be earned on funds set aside to meet the liability. As shown in Table 21, the amount of this liability has not yet been determined for three districts. The amounts shown for other districts were calculated at different points in time but represent the most current data available. They range from \$3.3 million for the Northeast Wisconsin district to \$228.6 million for the Milwaukee Area district.

Accounting rules do not require that employers set aside funding for their OPEB costs. However, having a large unfunded OPEB liability that affects its long-term financial health could reduce an employer’s bond rating, and thereby increase borrowing costs. Most WTCS districts’ OPEB liabilities were unfunded as of June 30, 2006; only six had set aside any funds for this purpose. In addition, the calculated liability for the Milwaukee Area district raises concerns about its ability to meet future obligations without significantly increasing revenues or significantly reducing its operating budget.

Table 21

Districts' Estimated OPEB Liabilities and Fund Balances

District	Actuarial Accrued Liability	Date Calculated	Designated OPEB Fund Balance as of June 30, 2006
Blackhawk	Not determined	Not applicable	–
Chippewa Valley	\$ 8,948,726	March 31, 2006	–
Fox Valley	13,983,315	July 1, 2004	–
Gateway	10,355,474	June 30, 2006	–
Lakeshore	3,572,600	June 30, 2006	–
Madison Area	9,994,207	June 30, 2004	\$2,847,939
Mid-State	5,369,382	December 31, 2005	–
Milwaukee Area	228,553,622	June 30, 2006	1,780,000
Moraine Park	10,785,644	June 30, 2006	1,250,000
Nicolet Area	Not determined	Not applicable	2,566,573
Northcentral	5,124,616	March 31, 2006	–
Northeast Wisconsin	3,341,675	March 31, 2005	–
Southwest Wisconsin	Not determined	Not applicable	–
Waukesha County	79,241,922	June 30, 2006	30,378,825
Western	6,173,234	June 30, 2004	1,668,613
Wisconsin Indianhead	5,680,700	March 31, 2006	–

The three districts that have not yet determined their OPEB liabilities—Blackhawk, Nicolet Area, and Southwest Wisconsin—have indicated their intention to do so. OPEB liabilities are emerging as a major public policy issue for state and local governments, and all districts will need to develop plans for addressing these costs.

Recommendation

We recommend the Technical College System Board report to the Joint Legislative Audit Committee by September 1, 2007, on all technical college districts' plans for addressing other post-employment benefits costs.

Compensation of College Presidents

Technical college presidents' compensation ranged from \$127,625 to \$226,900 in FY 2005-06.

In FY 2005-06, technical college presidents earned salaries ranging from \$119,225 at Southwest Wisconsin to \$205,700 at Milwaukee Area, as shown in Table 22. Most also received vehicle allowances and supplemental contributions to retirement accounts, resulting in total monetary compensation ranging from \$127,625 to \$226,900.

Table 22

Compensation for Technical College Presidents FY 2005-06

District	Salary	Supplemental Retirement Contribution	Vehicle Allowance	Total
Blackhawk	\$136,269	\$ 6,500	\$ 7,500	\$150,269
Chippewa Valley	150,886	–	9,080	159,966
Fox Valley	175,224	30,000	11,320 ¹	216,544
Gateway	155,000	10,000	9,600	174,600
Lakeshore	131,250	13,300	10,250	154,800
Madison Area	185,000	20,000	9,600	214,600
Mid-State	137,822	14,117	9,955	161,894
Milwaukee Area	205,700	10,500	10,700	226,900
Moraine Park	131,443	11,000 ²	10,000 ²	152,443
Nicolet Area	142,595	7,200	6,000 ³	155,795
Northcentral	151,979	13,600	14,382	179,961
Northeast Wisconsin	165,118	20,000	– ⁴	185,118
Southwest Wisconsin	119,225	–	8,400	127,625
Waukesha County	158,620	–	– ⁴	158,620
Western	123,382	20,000	7,200	150,582
Wisconsin Indianhead	134,000	10,000	10,000	154,000
Average	\$150,220	\$14,324	\$ 9,571	\$170,232

¹ Includes vehicle allowance plus \$1,200 annually for vehicle maintenance.

² Up to \$2,000 from the president's vehicle allowance may be transferred to the supplemental retirement account.

³ The district also covers all expenses related to use, except for fuel used when the vehicle is driven for personal purposes.

⁴ A district-owned vehicle is provided.

Technical college presidents' salaries are typically lower than those of UW System chancellors: 12 of the 16 technical college presidents are paid less than the lowest-paid UW chancellors, who earn \$164,700 annually. Four districts—Fox Valley, Madison Area, Milwaukee Area, and Northeast Wisconsin—pay their presidents salaries that are comparable to those of UW chancellors in the same geographic area.

In addition to the monetary compensation shown in Table 22, technical college presidents are eligible for the fringe benefits available to other district employees, including health insurance and participation in the Wisconsin Retirement System. Some technical college districts also provide their presidents with other forms of compensation. For example:

- the former Northcentral president received a merit bonus of \$22,797 in FY 2005–06;
- the Nicolet Area president receives reimbursement up to \$10,000 annually for his uninsured medical expenses, and up to \$3,500 in each two-year period to maintain his law license;
- the Western president receives a \$3,625 annual expense account, and the Milwaukee Area president receives a \$2,000 annual expense account;
- the Fox Valley president receives a computer with high-speed Internet access at his home and \$1,440 annually for cell phone expenses;
- the Chippewa Valley and Nicolet Area presidents may exchange a portion of their unused vacation time for cash each year; and
- the Blackhawk, Lakeshore, Madison Area, and Milwaukee Area presidents are reimbursed for mileage outside their home districts. The other 12 technical college presidents receive no reimbursement for mileage.

Most technical college districts also provide post-retirement benefits to their retired presidents. To assess the level of post-retirement health insurance benefits provided to technical college presidents, we reviewed their most recent contracts, as well as district policies.

We found that in ten districts, technical college presidents' contracts provide the same level of post-retirement health insurance benefits made available to other employees. Among the six remaining districts:

- Fox Valley's and Nicolet Area's presidents are exempt from the years of service requirement to which other employees are subject;
- the Blackhawk and Mid-State districts' boards will determine appropriate benefit levels when their current presidents retire;
- Gateway does not contractually provide its president with post-retirement health insurance benefits; and
- when Northcentral's former president retired on June 30, 2006, the district agreed to provide the full cost of a Medicare supplement plan and 85.0 percent of dental benefit coverage for the remainder of his life.

Six districts also reported that they provided post-retirement health insurance benefits to former technical college presidents in FY 2005-06, which typically also included coverage for their spouses:

- The Milwaukee Area, Moraine Park, and Waukesha County districts are providing lifetime health insurance benefits to their retired presidents.
- The Blackhawk and Mid-State districts are providing health insurance benefits that expire when the retired presidents turn 70 years old and 75 years old, respectively.
- The Wisconsin Indianhead district allowed a retired president to purchase health insurance using sick leave conversion credits, but that benefit expired on July 31, 2006.

■ ■ ■ ■

Use of Leave ■

Because each technical college district is responsible for establishing its own personnel policies, we compared the amount of sick leave, vacation, and sabbatical time available to employees of the 16 WTCS districts and the System Board. We also evaluated district efforts to ensure accurate reporting of sick leave and vacation, and compliance with district policies for sabbatical leave. We identify an area in which leave reporting could be improved.

Sick Leave

By law, WTCS employees earn sick leave. Section 38.28(5), Wis. Stats, directs the System Board to withhold state aid from any district that does not provide at least five days of sick leave annually to each faculty member and administrator who works at least 30 hours per week, or that does not allow these employees to accrue at least 30 days of unused sick leave. As state employees, staff of the System Board earn 16.25 days of sick leave annually, as provided in s. ER 18.02(2)(a), Wis. Adm. Code.

Full-time WTCS employees earn an average of 12.5 to 13.8 days of sick leave per year.

The amount of sick leave earned varies according to individual district policies and collective bargaining agreements. Table 23 shows the amounts earned annually by full-time employees of each institution in FY 2005-06. They range from 6.0 days for administrators and support staff employed by the Northeast Wisconsin district to 24.0 days for administrators employed by the Moraine Park district. On average, WTCS administrators earn 13.8 days of sick leave per year, support staff earn 12.9 days, and faculty earn 12.5 days.

Table 23

Sick Leave Earned by Full-Time WTCS Employees
FY 2005-06

Institution	Annual Number of Days of Sick Leave		
	Faculty	Support Staff	Administrators
Blackhawk	10.0	12.0	12.0
Chippewa Valley	15.0	15.0	15.0
Fox Valley	10.0	12.0	12.0
Gateway	12.5	12.0	12.0
Lakeshore	13.0	15.0	15.0
Madison Area	10.0	13.0	11.0
Mid-State	10.0	12.0	12.0
Milwaukee Area	15.0	15.0	18.0
Moraine Park	18.5	20.0	24.0
Nicolet Area	15.0	15.0	17.0
Northcentral	10.0	12.0	12.0
Northeast Wisconsin	10.0	6.0	6.0
Southwest Wisconsin	10.0	10.0	12.0
Waukesha County	14.0	12.0	14.0
Western	NA ¹	14.0	NA ¹
Wisconsin Indianhead	12.0	12.0	12.0
System Office	–	–	16.25
Average	12.5	12.9	13.8

¹ Western faculty and administrators are directed to call in on days when they are too ill to report to work. Staff receive their usual pay on these days.

These variations in sick leave earnings result, in part, from differences in the purposes for which sick leave is to be used and the availability of short- and long-term disability benefits. All WTCS employees are required to account for any work time missed, and most use sick leave to account for absences because of personal illness or for reasons such as for maternity leave, medical and dental appointments, and to assist immediate family members who are sick or injured. Moraine Park staff, who earn the greatest number of sick leave days, are also required to use sick leave for absences associated with the death of a family member, other family emergencies, and inclement weather. In contrast, most districts allow employees to miss several days' work with pay in the event of the death of immediate family. Employees of the Northeast Wisconsin district are eligible for short-term disability immediately upon becoming disabled or beginning a hospital stay for serious injury or illness; benefit levels

vary based on the extent of the disability or illness. Western district administrators and faculty do not earn a specified number of sick leave days annually. Instead, they are paid at their regular rates for at least ten days of absence, after which they receive full or reduced pay, depending on length of service and the reason for an absence, through the district’s short-term disability program.

Sick leave reporting requirements vary based on collective bargaining agreements and district policies.

Sick leave reporting requirements vary based on collective bargaining agreements and district policies. Staff of the seven districts we visited indicated that employees may occasionally work extra hours in lieu of using sick leave, depending on their job responsibilities and the preferences of supervisors. In addition, faculty at the Madison Area district are not required to record sick leave if another faculty member substitutes for them at no cost to the district, although the district does not track the coverage of faculty responsibilities by colleagues. A similar policy is available to UW System faculty.

We reviewed the leave used by employees of 15 of the 16 districts and the System Board’s staff from FY 2004–05 through March 2006, the most recent period for which information was available at the time of our fieldwork. The Madison Area district was excluded from our analysis because it does not have an automated system for leave reporting and could not provide electronic data on leave use. District officials indicate they are currently in the process of implementing one. The Moraine Park, Nicolet Area, and Northeast Wisconsin districts were excluded from portions of our analysis because they could not provide complete data.

In FY 2004-05, WTCS staff reported using an average of 6.0 days of sick leave.

As shown in Table 24, full-time WTCS employees reported using an average of 6.0 days of sick leave in FY 2004–05, and full-time faculty reported using significantly less than either administrators or support staff.

Table 24

**Average Sick Leave Use Reported by Full-Time WTCS Employees¹
FY 2004-05**

Employee Type	Average Number of Days
Faculty	3.2
Support Staff	8.9
Administrators	6.4
All WTCS Employees ¹	6.0

¹ Totals do not include data for Madison Area and Moraine Park because they were not available in an electronic format. In addition, totals do not include data for administrators and faculty of Nicolet Area, or faculty of Northeast Wisconsin.

***In FY 2004-05,
38.1 percent of faculty
reported using no
sick leave.***

As shown in Table 25, 38.1 percent of WTCS faculty reported using no sick leave, compared to 17.8 percent of administrators and 6.6 percent of support staff. Full-time faculty may use less sick leave than other WTCS employees because their contract periods are typically only nine months, rather than a full year.

Table 25

Reported Use of Sick Leave, by Employee Type
(Full-Time Employees)
FY 2004-05

Number of Days	Faculty		Support Staff		Administrators	
	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total
0	965	38.1%	152	6.6%	178	17.8%
1 to 5	1,148	45.3	709	31.0	383	38.5
6 to 10	255	10.1	680	29.7	234	23.4
11 to 15	74	2.9	440	19.2	104	10.4
16 to 20	34	1.3	159	6.9	46	4.6
21 or More	57	2.3	152	6.6	53	5.3
Total	2,533	100.0%	2,292	100.0%	998	100.0%

¹ Totals do not include data for Madison Area and Moraine Park because they were not available in an electronic format. In addition, totals do not include data for administrators and faculty of Nicolet Area, or faculty of Northeast Wisconsin.

However, the average of 3.2 days of sick leave reported by technical college faculty is significantly greater than the average of 0.8 days reported by UW System faculty in a comparable period. In 2005, 77.1 percent of UW System faculty, who are also typically employed for nine months rather than a full year, reported using no sick leave. Possible reasons for these differences include that UW System does not require its full-time faculty or unclassified staff to report absences of less than two hours and that UW System policies are not followed consistently, as we noted in our evaluation of UW System personnel policies (report 06-12).

As shown in Table 26, reported sick leave use varied by WTCS institution. Among all full-time employees, reported sick leave use was lowest in the Fox Valley district, where it averaged 3.3 days. Employees of the Milwaukee Area district reported using the most sick leave, an average of 7.6 days. District variations could result from differences in district policies that define allowable use of sick leave or from differences in practices, such as the extent to which supervisors and administrators allow employees to make up missed time rather than use sick leave.

Table 26
Reported Use of Sick Leave, by Institution¹
 (Full-Time Employees)
 FY 2004–05

Institution	Average Number of Days			All Full-Time Employees
	Faculty	Support Staff	Administrators	
Blackhawk	3.2	8.2	6.3	5.2
Chippewa Valley	2.7	9.2	6.3	5.1
Fox Valley	2.6	4.9	1.9	3.3
Gateway ²	4.6	9.6	6.0	6.7
Lakeshore ²	2.0	9.6	8.6	6.2
Madison Area	NA ³	NA ³	NA ³	NA ³
Mid-State	4.3	5.8	2.8	4.4
Milwaukee Area	3.9	11.0	10.5	7.6
Moraine Park	NA ³	NA ³	NA ³	NA ³
Nicolet Area	NA ³	NA ³	NA ³	NA ³
Northcentral	2.0	6.6	5.7	4.4
Northeast Wisconsin	NA ³	9.7 ⁴	8.5 ⁴	9.3
Southwest Wisconsin	3.5	8.7	5.0	5.7
Waukesha County	3.2	9.8	7.7	6.8
Western Wisconsin	2.0	8.4	5.1	5.0
Indianhead	1.9	6.4	4.1	4.2
System Office ⁵	–	–	5.5	5.5

¹ Three districts—Madison Area, Moraine Park, and Nicolet Area—are not included because they were unable to provide complete data in an electronic format.
² Sick leave averages include leave available to use for personal business rather than illness (up to 2 days at Gateway and up to 4 days at Lakeshore).
³ Not available.
⁴ Includes paid leave time associated with major illness, hospitalization, and maternity leave, which the district distinguishes from sick leave.
⁵ Represents data for calendar year 2005, because data for FY 2004-05 were not readily available.

Vacation Time

Most WTCS employees earn vacation time based on years of service and the policies and collective bargaining agreements established by individual districts. Staff of the System Board are governed by state policies. Details for all full-time employees are provided in Appendix 9. On average, after five years of service support staff earn 13.1 days of vacation time annually, and administrators earn 19.3 days. Nearly all faculty have nine-month teaching appointments that do not include vacation time, but some members of faculty bargaining units,

such as guidance counselors, have 12-month contracts and earn an average of 17.4 days of paid vacation annually after five years of service. Most WTCS employees who earned vacation in FY 2004–05 used at least a portion of it. As shown in Table 27, all WTCS employees reported using an average of 16.1 days of vacation in FY 2004-05.

Table 27
Reported Use of Vacation Time by Full-Time WTCS Employees
 FY 2004-05

Employee Type	Average Number of Days
Faculty ¹	20.9
Support Staff	15.5
Administrators	17.5
All WTCS Employees	16.1

¹ Includes only those faculty who were eligible to receive vacation time.

In FY 2004-05, less than 3.0 percent of full-time WTCS employees reported using no vacation time.

As shown in Table 28, less than 3.0 percent of full-time employees of all types who earn vacation reported using no vacation time in FY 2004-05. In comparison, 7.8 percent of UW System employees and 3.3 percent of all other state employees reported using no vacation time in 2005.

Table 28
Reported Use of Vacation Time, by Employee Type¹
 (Full-Time Employees)
 FY 2004–05

Number of Days	Faculty ²		Support Staff		Administrators	
	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total
0	1	2.4%	62	2.7%	27	2.8%
1 to 5	0	0.0	181	8.0	53	5.5
6 to 10	2	4.9	389	17.1	93	9.6
11 to 15	5	12.2	529	23.2	161	16.6
16 to 20	10	24.4	479	21.0	246	25.5
21 or More	23	56.1	639	28.0	387	40.0
Total	41	100.0%	2,279	100.0%	967	100.0%

¹ Includes only full-time employees who earned vacation time.

² Includes only members of faculty bargaining units who have 12-month contracts.

Compliance with Leave and Reporting Requirements

Compliance with leave reporting requirements is important:

- to ensure that active employees are not compensated for more leave than they actually earn each year; and
- to ensure that certain retirement benefits are neither increased nor reduced inappropriately because of inaccurate leave balances.

Six technical college districts and the System Board allow their employees, at retirement, to convert accrued, unused sick leave into credits that can be used to purchase post-retirement health insurance. Furthermore, all WTCS employees are entitled at retirement to receive in cash the value of their accrued, unused vacation time.

Most districts' leave reporting systems correctly document reported absences.

As noted, each district has its own system for reporting and recording employee leave use. To understand these systems and evaluate compliance with vacation and sick leave reporting policies, which also vary by district, we reviewed 336 employee leave files from seven districts. Our review included employees who reported relatively little sick leave, as well as those who reported the most. We found that most districts' leave reporting systems correctly document reported absences. However, some districts do not always comply with their policies for reporting employee absences.

Two of the seven districts—Northeast Wisconsin and Wisconsin Indianhead—rely solely on electronic reporting systems. In contrast, the leave use system for the Madison Area district is entirely paper-based. At the time of our fieldwork, the Milwaukee Area district had not fully implemented its electronic system and relied on a combination of paper and electronic forms. In three districts—Blackhawk, Gateway, and Northcentral—employees report leave on paper forms, and human resources staff transfer it to an electronic system.

We found that leave reported on paper forms generally matched electronic leave records. However, we identified four cases in which the electronic leave records were incorrect:

- At Gateway, 200 hours of sick leave were deducted from an employee's electronic record because of a data entry error. The correct amount was 2 hours.

- At Northcentral, an electronic record included one additional day of vacation because a time sheet had been placed in the wrong employee folder.
- At Milwaukee Area, 20 hours of sick leave were deducted from one electronic file when the time sheet indicated that 40 hours of sick leave had been used.
- Also at Milwaukee Area, one day of sick leave was deducted from an electronic file when no leave use was recorded on the time sheet from the same time period.

We identified some discrepancies in leave reporting records.

We also identified some discrepancies involving extended medical leaves for which we could not determine whether paper or electronic records were correct. For example:

- The electronic record indicated that a Milwaukee Area employee on extended medical leave had used 221 days of sick leave, while time sheets and other leave reports showed only 153 days.
- Another Milwaukee Area employee's electronic record indicated that 159 sick days had been taken, while only 129 days were recorded on time sheets and leave reports.

The leave reporting errors we identified have been corrected.

The Milwaukee Area district has corrected the errors we identified and is determining whether additional adjustments are needed to correct other discrepancies between paper and electronic records. In addition, as a result of questions we raised, Milwaukee Area identified 60 employees who had recorded leave in an incorrect category. These errors have also been corrected.

Recommendation

We recommend the technical college districts improve the accuracy of employee leave reporting by developing procedures for recording and monitoring leave used for long absences.

For example, reporting accuracy could be improved if employees who planned to use leave for extended periods were required to complete all necessary paperwork or electronic forms before departure. Upon their return, additional follow-up may be needed to ensure the accuracy of the leave reporting system.

Employee Sabbaticals

At most post-secondary educational institutions, sabbaticals represent paid release time that allows faculty to engage in intensive study, conduct research, enhance their teaching methods, or otherwise become more effective employees. There are no statutes, rules, or statewide policies governing sabbaticals at the technical colleges; rather, each district establishes its own policies administratively and through collective bargaining.

As shown in Table 29, all 16 districts offer sabbaticals to faculty members, and 7 also allow other employees to apply for sabbatical leave. The Milwaukee Area and Fox Valley districts make sabbatical leave available to faculty, support staff, and administrators. Past contracts contained sabbatical leave provisions for the former presidents of Gateway and Madison Area Technical College, but none of the districts' current contracts with college presidents do so.

Table 29

Employees Eligible for Sabbatical Leave April 2006

District	Faculty	Support Staff	Administrators
Blackhawk	✓		
Chippewa Valley	✓		
Fox Valley	✓	✓	✓
Gateway	✓		✓
Lakeshore	✓		
Madison Area	✓		✓
Mid-State	✓		
Milwaukee Area	✓	✓	✓
Moraine Park	✓		✓
Nicolet Area	✓		
Northcentral	✓		
Northeast Wisconsin	✓		
Southwest Wisconsin	✓		✓
Waukesha County	✓		
Western	✓		
Wisconsin Indianhead	✓		✓

In most districts, employees on sabbatical are paid 50.0 to 75.0 percent of their base salaries and continue to receive full benefits. The Madison Area and Nicolet Area districts provide 100.0 percent pay and benefits for faculty sabbaticals of one semester or less. Appendix 10 provides additional information on sabbatical policies at the technical colleges.

All districts offer sabbaticals, but only 17 were taken in the past two academic years.

Despite widespread availability, only 17 sabbaticals were taken in the past two academic years, as shown on Table 30. Fifteen were taken by faculty, one by a support staff employee, and one by an administrator. The 17 sabbaticals included 8 for a single semester, 7 for two semesters, and 1 for eight weeks. Before his retirement in January 2006, the former president of Gateway Technical College took a 27-day sabbatical, during which he received his regular salary by claiming sick leave, as permitted by his contract.

Table 30

Sabbaticals Taken

District	2004-05 Academic Year	2005-06 Academic Year	Total
Chippewa Valley	0	1	1
Gateway	1	0	1
Madison Area	3	4	7
Milwaukee Area	4	2	6
Northeast Wisconsin	1	1	2
Total	9	8	17

Using information in sabbatical applications, we categorized the leave taken in 2004-05 and 2005-06 according to primary goals, as shown in Table 31.

Table 31

Primary Goals of WTCS Sabbaticals
2004-05 and 2005-06 Academic Years

Primary Goal of Sabbatical	Number	Percentage of Total
Pursuing additional education	8	47.1%
Developing a curriculum and enhancing teaching	3	17.6
Publishing	3	17.6
Starting a business and developing an entrepreneurship course	1	5.9
Research	1	5.9
Writing a memo on college management	1	5.9
Total	17	100.0%

Compliance with Sabbatical Requirements

Generally, districts complied with their policies and procedures related to employee sabbaticals.

We reviewed each district’s sabbatical application, review, and monitoring procedures, as well as documentation for all 17 sabbaticals taken during the 2004-05 and 2005-06 academic years. We found that:

- all 16 districts require three to seven years of employment before sabbatical leave, limit individual leaves to two semesters or one academic year, and require individuals awarded sabbaticals to remain employed by the district for at least one year after their return;
- the parties responsible for reviewing sabbatical applications vary from designated committees to the college president, and 13 districts require sabbatical leaves to be approved by the district board;
- 14 districts limit the number of sabbaticals awarded each year to between two and six; and
- 7 districts do not require employees to report on their sabbatical activities.

Although we found general compliance with these requirements, we noted that:

- Chippewa Valley and Milwaukee Area administrators did not receive transcripts from all sabbatical users pursuing higher education, although both districts require that they do so.
- Milwaukee Area employees did not submit status reports after their first semester of sabbatical leave, as required by their leave agreements.

Recommendation

We recommend the technical college districts improve compliance with their sabbatical policies through consistent reporting of sabbatical outcomes.



Financial Management Issues ■

The 16 district boards are individually responsible for the financial management of their districts, including monitoring revenues and expenditures and ensuring long-term financial stability. However, they are subject to state law and certain policies established by the Technical College System Board to ensure effective financial management. We examined the extent to which local districts adhered to the System Board's procurement policies when contracting for certain professional services using retainer agreements. We also reviewed agreements negotiated by individual districts to resolve personnel issues.

Retainer Agreements

Retainer agreements are alternatives to hourly billing.

Retainer agreements are contracts for professional services that establish fixed regular payments for agreed-upon services but do not specify the amount of work to be performed in each payment period. Districts that use them report these agreements simplify budgeting for professional services that are not used on a regular basis, and they prefer them to the commission-based arrangements that are common in areas such as employee benefits consulting. However, as we noted in an earlier report on legal services provided to the Gateway and Milwaukee Area districts, retainer fees are sometimes more costly than direct hourly billing.

***In FY 2005-06,
eight districts had ten
retainer agreements for
professional services.***

In a letter report issued in August 2005, we recommended that districts carefully monitor the cost-effectiveness of retainers for legal services and that Gateway immediately terminate an agreement with a former employee that raised concerns about the propriety and potential tax implications of providing health insurance benefits to a contractor. During the course of this evaluation, we found that Gateway terminated its agreement in August 2005 and that the Milwaukee Area district had renegotiated its monthly retainer fees for legal services from \$27,950 to \$25,000 beginning in February 2006. As shown in Table 32, eight districts had a total of ten retainer agreements in place in FY 2005-06. We assessed these agreements for general reasonableness, but we did not attempt to determine whether they provided the lowest cost option. We also reviewed districts' compliance with state procurement requirements.

Table 32

**Retainer Agreements
FY 2005-06**

District	Service Provided	Vendor	Monthly Cost to District
Fox Valley ¹	Architecture and construction project management	Quantic Architecture, LLC	\$10,000
Madison Area	Employee health care benefits consulting	Mortenson, Matzelle and Meldrum, Inc.	3,000
Milwaukee Area	Employee health care benefits consulting	Mercer Inc.	6,917
	Lobbying	Broydrick and Associates	4,000
	Legal Services	Michael Best & Friedrich LLP	25,000
Northcentral	Employee health care benefits consulting	Associated Financial Group	500
Northeast Wisconsin	Employee health care benefits consulting	Mortenson, Matzelle and Meldrum, Inc.	3,500
Waukesha County	Lobbying	Essie Consulting Group	3,000
Western	Employee health care benefits consulting	RJF Agencies, Inc.	2,083
Wisconsin Indianhead	Employee health care benefits consulting	RW Michaels, Inc.	800

¹ The agreement with Quantic Architecture expired June 30, 2006, and was not renewed.

Health Care Benefits Consulting

Most retainer agreements were for employee health care benefits consulting.

The six retainer agreements for employee health care benefits consulting include services such as:

- analyzing the types, frequency, and costs of employee health insurance claims;
- developing specifications and analyzing bids for contracts with health insurance companies or health care providers;
- communicating with employees through informational meetings and during collective bargaining; and
- analyzing potential cost-saving options such as increasing employees' co-insurance payments, self-insuring, implementing cafeteria-style plans, or providing employee benefits through a regional consortium.

Districts' costs for retainer agreements to provide health care benefits consulting vary widely. In FY 2005-06, they ranged from \$500 per month to almost \$7,000 per month. Cost variations reflect differences in the number of district employees, the types and amounts of benefits employees receive, and the types and scope of services provided by the consultants. For example, Northcentral had approximately 600 employees in March 2006, when it paid a monthly retainer fee of \$500. In contrast, the Milwaukee Area district, which paid a monthly retainer fee of \$6,917 for health benefits consulting, had more than 2,000 employees and a more complex agreement that included services such as actuarial analyses, information on compliance with health care laws and regulations, software programs to simulate the effects of changes in plan design, and access to nationwide data on employer-sponsored health insurance plans.

Architecture and Construction Project Management

In April 1998, the Fox Valley district contracted with Quantic Architecture for architectural and construction project management services for capital projects—including new construction, building additions, and renovations—on a time and materials basis. In April 2003, the district and the firm instead agreed on a retainer fee of \$10,000 per month, based on the cost of work performed in the prior 15 months and projections through the end of 2003. That contract expired on June 30, 2006. It has not been renewed, but the district indicated it will continue to work with Quantic on a project-by-project basis.

Lobbying and Governmental Relations

The Milwaukee Area and Waukesha County districts entered into retainer agreements for lobbying services.

The Milwaukee Area and Waukesha County districts have negotiated retainer agreements for lobbying services and governmental relations at monthly costs of \$4,000 and \$3,000, respectively. All 16 districts are members of the Wisconsin Technical College District Boards Association, which provides them with information on legislative activities and serves as a liaison with state and federal governments and other parties. The Milwaukee Area district has documented additional lobbying activities specific to its interests. However, documentation provided to us by the Waukesha County district was less specific. The contracted lobbyist first began submitting written reports to the district board in March 2006. Before then, the president of Waukesha County Technical College provided periodic verbal reports of the lobbyist's work. College officials indicate they discontinued this lobbying contract effective December 31, 2006, and that they have no plans to contract for similar services in the future.

Compliance with Procurement Requirements

Section 38.04(14)(a)(2), Wis. Stats., directs the Technical College System Board to promulgate administrative rules establishing procurement policies and procedures, and s. TCS 6.05, Wis. Adm. Code, requires:

- a competitive selection process, including specifications that disclose the evaluation criteria to prospective vendors, for procurements of more than \$25,000;
- the solicitation of written quotations from a minimum of three contractors for procurements between \$10,000 and \$25,000;
- the establishment of district procedures for procurements of less than \$10,000; and
- retention of the records of all procurements over \$10,000, including rationales for the method of procurement and the selection or rejection of any contractor, and the basis for cost or price.

The System Board also requires a request for proposals (RFP) to be issued when procurement amounts exceed \$25,000, and price quotations from an "adequate" number of sources when procurement amounts are below \$10,000. Some district boards have established additional policies for procurements of less than \$10,000.

Several districts did not follow procurement procedures required by state law and WTCS policy.

Most of the ten retainer agreements we reviewed met legal requirements and complied with applicable policies. However, we noted several concerns:

- The Madison Area district's contract for employee health care benefits consulting exceeds \$25,000 but was issued as a sole-source procurement, rather than through the competitive selection process. WTCS rules and policies, as well as the district's procedures, do not allow sole-source procurements except when a service is available from only a single source or when the service is purchased from another governmental body or through a cooperative purchasing association.
- The Waukesha County district did not use a competitive selection process although its contract for lobbying services exceeded \$25,000. The district's outside legal counsel incorrectly advised in a written opinion that no RFP or other competitive bidding process was required. Although the district interviewed four firms, it did not issue specifications or evaluation criteria, and it did not solicit price quotes.
- Since 2001, annual costs of the Western district's retainer agreement for employee health care benefits consulting services have ranged from \$20,000 to \$44,000, but neither an RFP process nor a minimum of three quotes appears to have been used as part of the procurement until July 2006, when the district issued an RFP in anticipation of the contract's expiration on September 30, 2006. The contract with RJF Agencies, Inc., was subsequently renewed at a cost of \$29,000 annually, or \$2,417 monthly.
- The Wisconsin Indianhead district was unable to provide us with a written agreement with its employee health care benefits consultant or to describe how the vendor was selected. Although annual costs for these services are below \$10,000, the district's procurement policies require three quotes and documentation of the procurement process.

☑ Recommendation

We recommend each technical college district board ensure that procurement practices for all retainer agreements adhere to state law and WTCS policies, and that the Technical College System Board further ensure compliance by directing its staff to periodically review the procurement procedures and practices of each district.

Settlement Agreements

The resolution of personnel issues through negotiated settlement agreements with employees is more common within WTCS than UW System. Settlement agreements may be a prudent alternative to lawsuits that could be costly to litigate, or when an employee whose job performance is unsatisfactory agrees to leave a position before an employment contract expires. However, it is important for districts to ensure that less-costly methods of addressing personnel issues are pursued when appropriate, including efforts to prevent situations that could lead to potential lawsuits.

Twelve districts reported negotiating a total of 81 settlement agreements from FY 2002-03 through March 2006.

In response to our request, 12 districts reported executing a total of 81 settlements, judgments, or separation agreements from FY 2002-03 through March 2006. Some of these represent grievances in which an arbitrator's decision affected the final outcome. Each of these agreements resulted in an employee receiving a lump-sum payment or continued salary or benefits after termination, during a pre-termination change of duties, when suspended as part of a disciplinary process, or as a result of a discrimination complaint. Gateway reported the largest number of agreements, followed by Fox Valley and Milwaukee Area. As shown in Table 33, approximately one-half of the agreements involved administrators, and the rest were evenly divided between faculty and support staff.

The seven districts we visited indicated they had no written policies for entering into settlement agreements, which they handle on a case-by-case basis. We noted variations across districts that suggest differences in procedures or management practices affect the frequency with which settlement agreements are used. For example, Gateway administrators reported that settlements are sometimes used to terminate employment when the district lacks necessary documentation, and Gateway union officials reported this situation can occur if managers do not follow the disciplinary process outlined in collective bargaining agreements.

Table 33

Settlement Agreements
FY 2002-03 through March 2006

District	Faculty	Support Staff	Administrators	Total
Blackhawk	0	0	5	5
Chippewa Valley	0	0	0	0
Fox Valley	2	2	7	11
Gateway	6	4	7	17
Lakeshore	2	0	1	3
Madison Area	0	0	4	4
Mid-State	0	0	0	0
Milwaukee Area	0	9	2	11
Moraine Park	1	0	4	5
Nicolet Area	0	0	0	0
Northcentral	1	0	2	3
Northeast Wisconsin	4	0	5	9
Southwest Wisconsin	0	0	2	2
Waukesha County	0	4	2	6
Western	0	0	0	0
Wisconsin Indianhead	4	0	1	5
Total	20	19	42	81

In contrast, union officials in the Northcentral and Madison Area districts reported that progressive discipline procedures are followed and are generally effective in resolving problems before the districts seek to terminate employees. Milwaukee Area district administrators reported that settlement payments are avoided by ensuring policies are followed and by defending against claims.

The largest percentage of settlement agreements involved termination related to performance issues.

It was impractical to obtain detailed information about the circumstances of each settlement, but as shown in Table 34, 48.2 percent, or 39 agreements, related to performance issues such as not meeting expectations as a teacher or a supervisor, or spending work time on personal matters.

Table 34

Reasons for Settlement Agreements
FY 2002-03 through March 2006

Settlement Type	Number	Percentage of Total
Termination related to performance issues	39	48.2%
Termination related to position elimination or restructuring	13	16.0
Paid leave during suspension	8	9.9
Settlement of a discrimination complaint	5	6.2
Termination related to misconduct	3	3.7
Other ¹	13	16.0
Total	81	100.0%

¹ Includes settlements for early retirements, mutual agreements between employees and district boards, and settlements of legal claims other than discrimination that were filed by employees.

WTCS settlement agreements typically terminate employment immediately. However, we identified nine agreements that included limited responsibilities for some period after the end of regular full-time employment, and six agreements under which employees—including four who had been suspended with pay and were subsequently reinstated—continued or returned to regular, full-time work. Most settlement agreements negotiated by UW System involved continued employment for a specified period of time.

Settlement agreement payments totaled \$1.5 million from FY 2002-03 through March 2006.

We found that 69 of 81 settlements, or 85.2 percent, included payments to the employees other than remuneration for work performed. As shown in Table 35, these payments totaled approximately \$1.5 million. The median payment was \$15,000.

Table 35

Settlement Payments Other than Remuneration for Work Performed
FY 2002-03 through March 2006

District	Number of Settlements	Total Paid	Median Payment	Lowest Payment	Highest Payment
Blackhawk	5	\$ 89,487	\$19,000	\$ 2,500	\$ 36,010
Chippewa Valley	0	–	–	–	–
Fox Valley	10	182,721	15,416	3,461	41,189
Gateway	14	502,688	27,500	1,304	125,000
Lakeshore	2	89,745	44,873	16,674	73,071
Madison Area	1	42,864	42,864	42,864	42,864
Mid-State	0	–	–	–	–
Milwaukee Area	11	133,828	2,068	216	98,172
Moraine Park	4	51,120	12,729	10,412	15,250
Nicolet Area	0	–	–	–	–
Northcentral	3	60,688	20,281	4,650	35,757
Northeast Wisconsin	7	193,845	18,170	5,487	88,016
Southwest Wisconsin	2	65,220	32,610	26,470	38,750
Waukesha County	5	44,271	4,751	1,020	20,000
Western	0	–	–	–	–
Wisconsin Indianhead	5	60,571	8,242	6,890	24,265
Total	69	\$1,517,048	15,000	216	125,000

As shown in Table 36, 47 of the 81 WTCS settlement agreements we reviewed, or 58.0 percent, provided employer-paid health insurance benefits. We did not attempt to assess the appropriateness of individual agreements. While settlement agreements may be effective in some situations, districts should carefully consider whether a settlement agreement is the most appropriate and least costly solution, or whether other options should be pursued first.

Recommendation

We recommend technical college districts annually report to the WTCS Board on the number, type, and cost of any settlement agreements they enter into.

Table 36

Selected Settlements that Included Health Insurance Benefits
FY 2002-03 through March 2006

District	Number of Settlements	Total Duration of Benefits (In Weeks)	Median Duration (In Weeks)	Shortest Duration (In Weeks)	Longest Duration (In Weeks)
Blackhawk	2	55	28	27	28
Chippewa Valley	0	–	–	–	–
Fox Valley	9	181	17	8	48
Gateway	4	445	112	39	182
Lakeshore	2	39	20	16	23
Madison Area	0	–	–	–	–
Mid-State	0	–	–	–	–
Milwaukee Area	9	179	3	1	156
Moraine Park	1	104	104	104	104
Nicolet Area	0	–	–	–	–
Northcentral	3	32	13	2	17
Northeast Wisconsin	7	243	29	5	74
Southwest Wisconsin	2	39	20	10	29
Waukesha County	3	23	9	4	10
Western	0	–	–	–	–
Wisconsin Indianhead	5	61	7	5	26
Total	47	1,401	16	1	182

■ ■ ■ ■

Appendix 1

District Property Tax Levies and Mill Rates
FY 2005-06

District	Property Tax Levy (In Thousands)			Property Value (In Millions)	Mill Rate		
	Operations	Debt	Total		Operations ¹	Debt	Total ²
Blackhawk	\$ 13,629.3	\$ 3,956.1	\$ 17,585.4	\$ 10,214.3	1.33	0.39	1.72
Chippewa Valley	22,210.4	6,843.8	29,054.2	18,037.6	1.23	0.38	1.61
Fox Valley	42,978.1	5,785.0	48,763.1	28,689.7	1.50	0.20	1.70
Gateway	41,545.0	5,750.0	47,295.0	35,561.6	1.17	0.16	1.33
Lakeshore	14,923.5	3,973.5	18,897.0	12,136.1	1.23	0.33	1.56
Madison Area	66,334.3	8,643.0	74,977.3	59,193.6	1.12	0.15	1.27
Mid-State	13,377.5	2,787.4	16,164.9	10,478.2	1.28	0.27	1.54
Milwaukee Area	99,378.8	27,090.5	126,469.3	67,188.9	1.48	0.40	1.88
Moraine Park	24,022.9	5,684.4	29,707.3	20,804.7	1.15	0.27	1.43
Nicolet Area	15,485.4	2,067.4	17,552.8	15,080.0	1.03	0.14	1.16
Northcentral	19,363.9	5,854.8	25,218.7	13,051.2	1.48	0.45	1.93
Northeast Wisconsin	35,287.2	12,616.4	47,903.6	31,962.7	1.10	0.39	1.50
Southwest Wisconsin	8,557.2	2,454.4	11,011.6	6,165.4	1.39	0.40	1.79
Waukesha County	44,181.0	9,140.7	53,321.7	45,535.8	0.97	0.20	1.17
Western	19,628.5	8,329.9	27,958.4	13,297.0	1.48	0.63	2.10
Wisconsin Indianhead	25,320.5	4,770.5	30,091.0	29,167.0	0.87	0.16	1.03
Total	\$506,223.5	\$115,747.8	\$621,971.3	\$416,563.8	1.22	0.28	1.49

¹ The mill rate for operations is limited to 1.5 under state law; there is no limit for debt repayment.

² Totals may not sum because of rounding.

Appendix 2

Union Representation of WTCS Employees

District	Union ¹	Represented Members	Full-Time	Part-Time	Minimum Workload Required for Membership
Blackhawk	AFT-WI	Faculty	Yes	No	More than 378 student contact hours
	WEAC	Maintenance, custodial, and clerical support	Yes	No	40 hours or more per week
Chippewa Valley	AFSCME	Custodial and maintenance support	Yes	Yes	At least 50 percent of a full-time load
	AFT-WI	Office/clerical support	Yes	Yes	At least 20 hours per week
	WEAC	Faculty	Yes	Yes	At least 50 percent of a full-time load for a semester
Fox Valley	WEAC	Faculty	Yes	Yes	Minimum of 9 hours per work week for a period of 12 weeks teaching certain programs
	WEAC	Educational support	Yes	Yes	An average of at least 12 hours per week
Gateway	AFSCME	Clerical support	Yes	Yes	Not specified
	WEAC	Faculty	Yes	Yes	At least 50 percent of a regular schedule for the position
	WEAC	Technical, paraprofessional, and maintenance support	Yes	Yes	Not specified
Lakeshore	WEAC	Faculty	Yes	Yes	At least 51 percent of a normal workload for any semester
Madison Area	AFT-WI	Faculty	Yes	No	At least 50 percent of a normal schedule
	AFT-WI	Faculty	No	Yes	Less than 50 percent of a normal schedule
	AFT-WI	Paraprofessional and school-related support	Yes	Yes	At least 10 hours per week
Mid-State	WEAC	Faculty	Yes	No	50 percent or more of a full teaching schedule
	WEAC	Office and library assistant support	Yes	Yes	Not specified
	WEAC	Custodial and maintenance support	Yes	Yes	At least 20 hours in any week
Milwaukee Area	AFSCME	Support	Yes	Yes	Scheduled to work at least 1,040 hours within 26 consecutive pay periods, or regularly scheduled to work at least 20 hours per week during the school year
	AFT-WI	Faculty	Yes	No	At least 50 percent of a normal schedule
	AFT-WI	Faculty	No	Yes	Less than 50 percent of a normal schedule

District	Union ¹	Represented Members	Full-Time	Part-Time	Minimum Workload Required for Membership
Milwaukee Area <i>(continued)</i>	AFT-WI	Paraprofessional support	Yes	Yes	Full-time provisions apply to individuals scheduled to work at least 1,040 hours annually, or regularly scheduled to work at least 20 hours per week in a school year. Part-time provisions apply to individuals scheduled to work less.
	IBEW	Public broadcasting support	Yes	Yes	At least 1,040 hours in a 12-month period
Moraine Park	AFT-WI	Faculty	Yes	No	At least 50 percent of a full teaching schedule
	WEAC	Clerical, custodial, and food service support	Yes	Yes	At least 19 hours per week
Nicolet Area	WEAC	Faculty	Yes	Yes	50 percent or more of a normal schedule
	WEAC	Professional support	Yes	Yes	Not specified
	WEAC	Grounds crew and maintenance support	Yes	Yes	At least 20 hours in any week
Northcentral	Teamsters	Custodial and maintenance support	Yes	Yes	At least 600 hours per year
	WEAC	Faculty	Yes	Yes	At least 50 percent of a normal schedule
	WEAC	Administrative and clerical support	Yes	Yes	Not specified
	WEAC	Technical and paraprofessional support	Yes	Yes	At least 600 hours per year
Northeast Wisconsin	WEAC	Faculty	Yes	No	At least 50 percent of a full teaching schedule
	WEAC	Technical support	Yes	Yes	At least 18.75 hours per week
	AFSCME	Maintenance and engineering support	Yes	Yes	Not specified
Southwest Wisconsin	AFT-WI	Faculty	Yes	No	At least 50 percent of a full load per semester, or an average of 18 hours per week per semester
	AFT-WI	Support	Yes	Yes	Not specified
Waukesha County	WEAC	Faculty	Yes	Yes	At least 12 hours in a semester
	WEAC	Support	Yes	Yes	At least 10 hours per week for 26 weeks or more per year
Western	AFT-WI	Faculty	Yes	Yes	At least 50 percent of a full-time schedule
	AFT-WI	Paraprofessional and school-related support	Yes	Yes	Regularly scheduled to work at least 15 hours per week
	Teamsters	Custodial support	Yes	Yes	Not specified

District	Union ¹	Represented Members	Full-Time	Part-Time	Minimum Workload Required for Membership
Wisconsin Indianhead	AFT-WI	Faculty	Yes	No	At least 50 percent of a full teaching schedule
	AFT-WI	Office and technical support	Yes	Yes	More than 19 hours per week and more than 18 consecutive weeks
	LAW	Custodial and maintenance support	Yes	Yes	Not specified

¹ WEAC: Wisconsin Education Association Council; AFT-WI: American Federation of Teachers-Wisconsin; AFSCME: American Federation of State, County, and Municipal Employees; Teamsters: International Brotherhood of Teamsters; IBEW: International Brotherhood of Electrical Workers; LAW: Labor Association of Wisconsin

Appendix 3

Selected Base Salaries for Full-Time WTCS Faculty¹
 FY 2005-06

District	With Bachelor's Degree		With Master's Degree		With Doctoral Degree	
	1 year experience	10 years experience	1 year experience	10 years experience	1 year experience	10 years experience
Blackhawk	\$38,986	\$53,876	\$43,352	\$59,895	\$46,844	\$64,745
Chippewa Valley	41,239	56,067	46,213	62,829	49,839	67,758
Fox Valley	43,266	55,601	48,013	61,464	52,981	66,425
Gateway	46,015	60,930	48,632	64,392	52,556	69,589
Lakeshore	42,479	55,214	46,945	59,679	51,407	64,133
Madison Area	45,025	63,022	49,399	67,646	52,463	73,991
Mid-State	42,984	55,341	45,627	57,986	53,558	65,920
Milwaukee Area	48,334	67,828	52,666	72,160	58,146	77,640
Moraine Park	39,834	52,271	45,282	57,721	49,825	62,262
Nicolet Area	40,869	45,999	47,745	59,629	51,654	70,234
Northcentral	39,259	52,885	46,829	60,455	55,913	69,539
Northeast Wisconsin	38,307	57,158	42,166	65,222	43,126	66,182
Southwest Wisconsin	35,693	48,015	39,044	52,522	40,754	54,232
Waukesha County	43,179	59,955	46,883	65,085	49,534	67,736
Western	34,900	49,714	39,457	56,225	42,714	59,482
Wisconsin Indianhead	40,629	53,030	44,486	58,716	46,483	60,712
Average	\$41,312	\$55,432	\$45,796	\$61,352	\$49,862	\$66,286

¹ This represents the minimum salary for a nine-month contract period. Additional compensation may be earned for work that exceeds a normal workload as defined in the applicable collective bargaining agreements.

Appendix 4

Earnings of Full-Time WTCS Employees¹
FY 2004-05

Institution	Faculty ²			Support Staff ³			Administrators ³		
	Lowest	Highest	Average	Lowest	Highest	Average	Lowest	Highest	Average
Blackhawk	\$48,764	\$ 86,217	\$63,380	\$28,293	\$61,181	\$35,274	\$43,624	\$137,280	\$69,719
Chippewa Valley	45,093	102,185	71,489	28,610	65,001	40,622	45,760	108,350	81,606
Fox Valley	44,878	156,706	73,068	22,758	109,762	43,865	55,068	193,081	89,292
Gateway	46,143	146,719	74,833	30,085	84,427	42,710	43,618	171,612	72,924
Lakeshore	46,301	116,529	71,414	22,371	75,874	38,182	41,997	149,300	78,302
Madison Area	48,117	110,394	74,719	33,443	99,533	53,517	61,518	173,139	102,053
Mid-State	44,185	113,871	65,818	26,986	79,500	41,506	76,094	158,562	95,079
Milwaukee Area	48,425	152,760	89,850	29,372	92,116	55,023	45,056	217,850	86,556
Moraine Park	42,409	108,013	64,871	20,019	79,426	38,772	49,975	145,500	72,945
Nicolet Area	54,846	104,572	77,478	26,526	95,267	40,426	67,755	163,443	92,462
Northcentral	40,240	89,767	62,165	26,806	82,731	38,615	40,170	195,496	73,885
Northeast Wisconsin	51,264	191,528	82,406	22,575	86,171	41,521	43,788	160,221	71,684
Southwest Wisconsin	46,945	85,680	63,090	23,151	55,153	38,201	52,785	124,550	78,592
Waukesha County	46,796	114,545	74,517	24,592	94,140	43,496	44,757	154,000	82,841
Western	38,214	106,966	57,666	14,843	79,916	35,153	38,070	141,413	71,582
Wisconsin Indianhead	45,325	89,679	61,163	21,024	70,967	32,204	31,686	133,435	60,389
System Board	-	-	-	-	-	-	28,073	133,392	57,428

¹ Includes all employees who worked at least 100.0 percent of a full-time workload, as defined by the employer. Does not include students employed by the districts or contracted workers. Amounts reflect negotiated salaries or hourly rates of pay and any earned overtime or other compensation for work that exceeds a normal workload as defined in the applicable district policies and collective bargaining agreements.

² Faculty typically work under a 9-month contract.

³ Support staff and administrators typically work for 12 months.

Appendix 5

**WTCS Employees with Earnings of at Least \$100,000,
by Employee Type and Institution¹**
FY 2004-05

Institution	Faculty			Support Staff			Administrators		
	Lowest	Highest	Average	Lowest	Highest	Average	Lowest	Highest	Average
Blackhawk	-	-	-	-	-	-	\$101,873	\$137,280	\$119,577
Chippewa Valley	\$102,185	\$102,185	\$102,185	-	-	-	108,350	159,495	125,398
Fox Valley	100,344	156,706	110,141	\$109,762	\$109,762	\$109,762	103,178	193,081	120,214
Gateway	100,470	146,719	115,508	-	-	-	101,088	171,612	116,581
Lakeshore	116,529	116,529	116,529	-	-	-	105,000	149,300	123,038
Madison Area	100,112	110,394	103,933	-	-	-	101,188	173,139	118,879
Mid-State	104,639	113,871	109,255	-	-	-	104,538	158,562	119,606
Milwaukee Area	100,345	152,760	112,073	-	-	-	100,685	217,850	119,164
Moraine Park	100,224	108,013	104,119	-	-	-	103,561	145,500	126,507
Nicolet Area	103,677	104,572	104,125	-	-	-	101,892	163,443	118,825
Northcentral	-	-	-	-	-	-	109,060	195,496	152,278
Northeast Wisconsin	101,874	191,528	124,890	-	-	-	104,837	160,221	120,528
Southwest Wisconsin	-	-	-	-	-	-	124,550	124,550	124,550
Waukesha County	100,433	114,545	107,440	-	-	-	103,413	154,000	112,995
Western	106,966	106,966	106,966	-	-	-	102,380	141,413	121,896
Wisconsin Indianhead	-	-	-	-	-	-	133,435	133,435	133,435
System Board	-	-	-	-	-	-	104,136	133,392	118,764

¹ Includes 118 administrators, 250 faculty, and 1 support staffperson. Earnings amounts reflect negotiated salaries or hourly rates of pay and any earned overtime or other compensation for work that exceeds a normal workload, as defined in the applicable district policies and collective bargaining agreements.

Appendix 6

District Policies Regarding Additional Instructional Responsibilities¹

FY 2005-06

District	Current Represented Faculty Required to Receive First Offer		Contracted Limits on Individual Workloads	Compensation for Additional Teaching		Compensation for Curriculum Development			
	School Year	Summer School		School Year	Summer School				
Blackhawk	No	Unless at risk of layoff	Yes	Priority based on seniority	No	Except by mutual agreement	Regular pay rate	Regular pay rate	Regular pay rate
Chippewa Valley	No	Unless workload of a represented faculty member is less than 1.05 FTE	Yes	Priority based on seniority	No	Workloads greater than 1.20 FTE discouraged	No additional compensation for workload up to 1.05 FTE; regular pay rate for workload above 1.05 FTE	92.0% of regular pay rate	\$600 per credit hour for new courses; \$400 per credit hour for course revisions, online courses, or creation of instructional materials; \$200 for developing a proficiency exam
Fox Valley	Yes	Each full-time represented employee has a right to 6.25 additional hours per week, if available	Yes	Priority to those who develop courses	No	Usually limited to 6.25 additional hours per week	Regular pay rate	Regular pay rate	\$34 per course hour of instruction
Gateway	Yes	Offers rotate among qualified teachers	Yes	Offers rotate based on seniority within academic departments	No	Workloads greater than 1.08 FTE discouraged	No additional compensation for workload up to 1.05 FTE; regular pay rate for workload above 1.05 FTE	Regular pay rate for first four credits; additional credits compensated at special assignment pay rate	Determined on case-by-case basis
Lakeshore	Yes	Priority based on seniority	Yes	Priority given to persons who taught similar course during school year	No	Workloads greater than 1.25 FTE discouraged	Approximately 108% of regular pay rate	Regular pay rate	\$30.80/hour
Madison Area	Yes	All part-time faculty are also represented	Yes	Priority based on seniority	No		150% of regular pay rate, plus subsequent workload reduction for workload greater than 1.05 FTE	95 percent of regular pay rate	\$31.93/hour

District	Current Represented Faculty Required to Receive First Offer		Contracted Limits on Individual Workloads	Compensation for Additional Teaching		Compensation for Curriculum Development			
	School Year	Summer School		School Year	Summer School				
Mid-State	No	Represented faculty are informed of assignments prior to public posting	No	No	Regular pay rate	Regular pay rate	\$21.19/hour		
Milwaukee Area	Yes	Priority based on seniority (part-time faculty are also represented)	Yes	Offers rotate based on seniority within academic departments	Yes	Limit of 1.49 FTE	Part-time instructional pay rate (approximately 60 percent of regular full-time faculty pay rate)	85% of regular pay rate	\$50.89/hour
Moraine Park	No	Unless a represented teacher averages less than 0.95 FTE over 2 semesters	No	No	No	No additional compensation for workload up to 1.05 FTE; 125% of pay rate for workload above 1.05 FTE	Regular pay rate	Regular pay rate	Regular pay rate
Nicolet Area	No	Unless any represented faculty member is at less than a full load	Yes	Priority based on seniority for individual assignments up to 1/2 of a full semester load	No	Administrative guideline limits individual workloads to 1.40 FTE	No additional compensation for workload up to 1.07 FTE; 60% of regular pay rate for workload above 1.07 FTE	70% of regular pay rate	60% of regular pay rate
Northcentral	No	No	No	No	No	No additional compensation for workload up to 1.08 FTE; regular pay rate for workload above 1.08 FTE	Regular pay rate	Regular pay rate	Regular pay rate
Northeast Wisconsin	Yes	Priority based on seniority within academic departments	Yes	Priority based on seniority within academic departments	Yes	Limited to an additional 12 hours weekly; may increase to 20 hours for one three-year period	Regular pay rate	Regular pay rate	\$525 per credit hour for new course development; \$750 per credit hour for on-line course development

District	Current Represented Faculty Required to Receive First Offer		Contracted Limits on Individual Workloads	Compensation for Additional Teaching		Compensation for Curriculum Development			
	School Year	Summer School		School Year	Summer School				
Southwest Wisconsin	Yes	Priority based on seniority within field of study	Yes	Priority based on seniority within field of study	No	Administrative policy limit of 1.20 FTE unless approved by college president	No additional compensation for workload up to 1.05 FTE; regular pay rate for workload above 1.05 FTE	Regular pay rate	\$22/hour
Waukesha County	No		Yes	Priority based on seniority	No		No additional compensation for workload up to 1.05 FTE; regular pay rate for workload above 1.05 FTE	Lower part-time faculty pay rate if assignment is voluntary; regular pay rate if assignment is mandatory	\$32.21/hour
Western	No	Represented faculty are informed of assignments prior to public posting	Yes	Offers rotate based on seniority	Yes	Limit of two evening classes per semester	Regular pay rate	Regular pay rate	\$495 per credit hour for conventional courses; \$900 per credit hour for on-line courses
Wisconsin Indianhead	No		Yes	Priority based on seniority	No		Regular pay rate	Regular pay rate	\$29.51/hour

¹Does not apply to instruction of non-credit courses or courses offered on contractual basis to individual companies.

Appendix 7

**Workload Reduction or Other Compensation
Available to Union Leaders
FY 2004-05**

District	Workload Reduction or Other Compensation	Funding Arrangements
Blackhawk	None	Not applicable
Chippewa Valley	50.0% workload reduction during school year for faculty union president	Union charged amount equal to 50.0% of annual school year salary for instructor with a master's degree and five years experience (\$25,220 in FY 2004-05); all other costs paid by district
Fox Valley	40.0 to 60.0% workload reduction during school year and five hours weekly workload reduction during summer session for faculty union president ¹	District pays first 40.0% of school year workload reduction costs; Union and district split equally cost for school year reduction above 40.0%; district pays all summer session costs
	Up to five hours of overtime or compensatory time weekly for support staff union president	All costs paid by district
Gateway	Workload reduction of 18 hours per week to be shared by faculty union officers	All costs paid by district
Lakeshore	None	Not applicable
Madison Area	School year workload reduction of 1.2 FTE positions to be shared by up to five faculty union officers	District pays 100.0% of union officer salaries and fringe benefit costs, and 50.0% of staff replacement costs; union pays 50.0% of staff replacement costs
	School year workload reduction of 1.0 FTE position to be shared by up to four support staff union officers	District pays 100.0% of union officer salaries and fringe costs, and 50.0% of staff replacement costs; union pays 50.0% of staff replacement costs
Mid-State	None	Not applicable
Milwaukee Area	60.0% school year workload reduction for union president, 30.0% reduction for union executive vice president, and 20.0% reduction each for grievance committee chair and vice president of committees, if those positions are held by full-time faculty. 20.0% reduction for the faculty bargaining committee chair. ²	All costs paid by district

District	Workload Reduction or Other Compensation	Funding Arrangements
Milwaukee Area (continued)	49.9% contract granted for union duties of president, 30.0% contract for executive vice president and 20.0% contracts each for grievance committee chair and vice president of committees, if those positions are held by part-time faculty. ^{2,3}	All costs paid by district
	2 days weekly workload reduction for the support staff union position of fifth vice president and 4 hours weekly workload reduction for the support staff union positions of seventh vice president ²	All costs paid by district
	40.0% workload reduction for the custodial and cafeteria staff union president and vice president	All costs paid by district
Moraine Park	None	Not applicable
Nicolet Area	None	Not applicable
Northcentral	None	Not applicable
Northeast Wisconsin	None	Not applicable
Southwest Wisconsin	None	Not applicable
Waukesha County	50.0% workload reduction during the school year for faculty union president	All costs paid by district
Western	None	Not applicable
Wisconsin Indianhead	None	Not applicable

¹ A faculty union president who is not teaching a summer session class receives five hours of additional compensation instead of a workload reduction.

² Milwaukee's full-time faculty, part-time faculty, and support staff are represented by the same union with one set of officers. The positions of president, executive vice president, grievance committee chairperson, and vice president of committees may be held by either full-time or part-time faculty. The position of bargaining committee chairperson is held by a full-time faculty member, and the positions of 5th and 7th vice president are held by support staff.

³ Part-time staff are granted a part-time contract assignment for union leadership duties, rather than a workload reduction.

Appendix 8

Retiree Health Insurance Benefits Available to District Employees¹

District	Minimum Eligibility Requirements ²	Sick Leave Conversion Benefit	Duration of Benefits
Blackhawk	Faculty and administrators: Age 55, 12-18 years of service Support staff: Age 58, 15-20 years of service	No	3 to 5 years, depending on years of service
Chippewa Valley	Age 55, 15 years of service; age 57, 10 years of service	No	Until eligible for Medicare or until age 65
Fox Valley	Age 56, 15 years of service; age 60, 10 years of service	No	Until eligible for Medicare
Gateway	Age 55, 25 years of service; age 57, 15 years of service	No	Until age 65 or eligible for Medicare, whichever is later
Lakeshore	Age 57, 30 years of service; age 61, 10 years of service	No	Until eligible for Medicare or other group health insurance coverage
Madison Area	Must retire under Wisconsin Retirement System or Social Security (normal, early, or disabled)	75% of accumulated sick leave, up to a maximum of 112.5 days	Until sick leave conversion credits are exhausted
Madison Area (early retirement program) ³	Age 57, 15 years of service; age 60, 10 years of service	No	Until eligible for Medicare
Mid-State	Faculty: Age 55, 10 years of service Support staff: Age 55 or 56 (depending on union), 10 years of service Administration: Age 55, 10 years of service	Faculty: 50% of unused sick leave Support staff: 70% of unused sick leave Administrators: up to 70 days of unused sick leave	Until eligible for Medicare or until sick leave conversion credits plus years of service credits are exhausted, whichever occurs first
Milwaukee Area	Faculty and paraprofessional support staff: Age 55, 15 years of service; age 60, 10 years of service All other employees: Age 55, 20 years of service	No ⁴	Lifetime (the district pays one-half the cost of a Medicare supplement after eligible for Medicare)
Moraine Park	Support staff: Age 57, 30 years of service; age 60, 16 years of service All other employees: Age 57, 25 years of service; age 60, 10 years of service	No	Until age 65 or covered by another group insurance policy

District	Minimum Eligibility Requirements ²	Sick Leave Conversion Benefit	Duration of Benefits
Nicolet Area	Age 55. For faculty and administrators, years-of-service benefit ranges from 3.3 years of family coverage or 7.5 years of single coverage for employees with less than 10 years of service and at least 120 days accumulated sick leave, to 5 years of family or 10 years of single coverage for employees with at least 30 years of service and 165 days accumulated sick leave.	Support staff: 100% of unused sick leave Faculty and administrators: Cash value of the number of years of coverage (at current premium rates) earned through the years-of-service benefit	Until sick leave conversion credit is exhausted
Northcentral	Faculty and administrators: Age 57, 15 years of service Educational support staff: Age 61, 20 years of service Paraprofessional/technical support staff: Age 64, 20 years of service Custodial/maintenance: No retirement health insurance benefit	No	Administrators and paraprofessional/technical support staff: until age 65 Faculty and educational support staff: until eligible for Medicare
Northeast Wisconsin	15 years of service and eligible to retire with Wisconsin Retirement System benefits	No	Until eligible for Medicare or other group insurance, or until credits calculated based on years of service are exhausted, whichever occurs first
Southwest Wisconsin (employees with less than 13 years of service)	Must retire under the Wisconsin Retirement System or Social Security (normal, early, or disabled)	Faculty and support staff: value of 50% of accumulated sick leave Administrators: value of up to 150 days of unused sick leave	Until sick leave conversion credit is exhausted
Southwest Wisconsin (employees with 13 or more years of service)	Age 55, 13 to 17 years of service	No	Until credit based on years of service is exhausted
Waukesha (staff hired on or after 1/11/06) ⁵	Age 57, 15 years of service	No	96 months (Medicare supplement after eligible for Medicare)
Waukesha (staff hired before 1/11/06) ⁵	Age 62, 20 years of service	No	Lifetime (Medicare supplement after eligible for Medicare)

District	Minimum Eligibility Requirements ²	Sick Leave Conversion Benefit	Duration of Benefits
Western	Age 55, 20 years of service	No ⁶	Until age 65
Wisconsin Indianhead	Faculty: 15 years of service and must be eligible to retire under the Wisconsin Retirement System Administration and office/technical support staff: Age 55, 15 years of service Custodial staff: Age 57.5, 15 years of service	Administrators: Value of 100% of unused sick leave, up to 900 hours All others: One month coverage for each day of unused sick leave	Faculty: 10 years, or until sick leave conversion credits are exhausted All others: until age 65 or sick leave conversion credits are exhausted

¹ Benefit levels vary.

² The requirements shown are minimums for either age or years of service. Districts may provide benefits when retirees meet other combinations of age and years of service. In addition, some districts allow retirees who do not meet the minimum requirements to purchase insurance at their own expense or to receive reduced benefits.

³ Early retirement program is limited to 20 faculty and 8 administrators per year, based on seniority. There are no limits on the number of support staff per year.

⁴ Faculty, paraprofessional support staff, and Milwaukee Public Television staff have the option to convert 50% of their unused sick leave, up to 43 or 48 days, to credit for health insurance. Milwaukee Area officials reported that no employees are currently using this option. At retirement, Milwaukee Area employees can also receive a cash payment for a portion of their unused sick leave.

⁵ Applies to administrators hired after July 1, 2004.

⁶ Western previously had a sick leave conversion plan, which is being phased out and is available only to employees who were at least 57 years old in 2001.

Appendix 9

Vacation Days Earned by Full-Time WTCS Employees

Institution	Years of Service											
	One Year			Five Years			Ten Years			Twenty Years		
	Administrators	Faculty ¹	Support Staff	Administrators	Faculty ¹	Support Staff	Administrators	Faculty ¹	Support Staff	Administrators	Faculty ¹	Support Staff
Blackhawk	15	–	10	19	–	15	24	–	17	25	–	25
Chippewa Valley	20	–	10	20	–	10	20	–	15	20	–	25
Fox Valley	10	–	10	15	–	10	25	–	15	25	–	20
Gateway ²	20	12	12	20	17	17	23	17	17	25	20	25
Gateway ³			10			17			18			25
Lakeshore	20	–	10	20	–	15	20	–	20	24	–	24
Madison Area	10	–	10	12.5	–	12.5	15	–	17.5	20	–	20
Mid-State	10	–	10	10	–	10	15	–	15	25	–	25
Milwaukee Area	20	20	10	20	20	15	20	20	20	25	25	25
Moraine Park	20	–	10	20	–	15	20	–	20	20	–	20
Nicolet Area	20	20	10	20	20	15	20	20	20	20	20	25
Northcentral ⁴	25	–	10	25	–	12	25	–	17	25	–	25
Northcentral ⁵			10			12			17			20
Northeast Wisconsin	20	10	10	20	15	13	20	20	16	20	20	25
Southwest Wisconsin ⁶	30	–	5	30	–	10	30	–	15	30	–	20
Southwest Wisconsin ⁷	20			20			20			20		
Waukesha County	15	10	10	20	15	15	20	20	20	25	25	25
Western	20	–	10	20	–	10	20	–	15	25	–	25
Wisconsin Indianhead ⁸	15	–	10	20	–	15	20	–	20	20	–	23
Wisconsin Indianhead ⁹			10			10			15			25
System Board ¹⁰	10			15			17			22		
System Board ¹¹	15			20			22			27		
Average	17.6	14.4	9.8	19.3	17.4	13.1	20.8	19.4	17.3	23.3	22.0	23.5

¹ Includes only those faculty who were eligible to receive vacation time

² Support staff represented by AFSCME

³ Support staff represented by Gateway Educational Support Personnel

⁴ Support staff represented by the Northcentral Educational Personnel Association and the Teamsters

⁵ Support staff in the paraprofessional bargaining unit

⁶ Upper- and mid-level administrative staff (levels 1 through 3)

⁷ Lower-level administrative staff (level 4)

⁸ Office and technical support staff

⁹ Custodians

¹⁰ Provided in s. ER 18.02 (3) (c) (1), Wis. Adm. Code, for most state employees

¹¹ Provided in s. ER 18.02 (3) (c) (3), Wis. Adm. Code, for nonrepresented state employees exempt from overtime and minimum wage requirements of the federal Fair Labor Standards Act

Appendix 10

District Sabbatical Policies

FY 2005-06

District	Eligibility	Approval Process	Maximum Number Available ¹	Pre-Sabbatical Employment Requirements	Compensation During Sabbatical ²	Reporting	Post-Sabbatical Employment Requirements
Blackhawk	Faculty	Review by college president and approval by district board	Two annually and one per department	Five years	60% salary	None	Two years
Chippewa Valley	Faculty	Review by leave committee and approval by district board	Five annually and one per department	Three years	50% salary and 75% benefits	During and after leave	Two years
Fox Valley	Faculty, support staff, and administrators	Review by leave committee and approval by district board (for faculty and administrators) or college president (for support staff)	Six annually (faculty); two annually (administrators); one annually (support staff)	Five years (faculty and administrators)	50% salary and 100% benefits	None	Two years (faculty and administrators); twice leave length (support staff)
Gateway	Faculty and administrators	Review and approval by district board (for faculty) or college president (for administrators)	Four annually (faculty); two annually (administrators)	Six years (faculty only)	60% salary and 100% benefits	During leave (faculty only) and after leave	Twice the length of leave
Lakeshore	Faculty	Review by president and approval by district board	Two annually	Five years	50% salary and 100% benefits ³	None	Three years
Madison Area	Faculty and administrators	Review by education funding committee and approval by district board (for faculty); approval by college president (for administrators)	Four annually (faculty only)	Six years	100% salary in first semester and 70% in 2 nd semester; 100% benefits ⁴	After leave (faculty only)	One year (faculty only); individually determined (administrators)
Mid-State	Faculty	Review by college president and approval by district board	One annually	Five years	50% salary and 100% benefits	After leave	Two years

District	Eligibility	Approval Process	Maximum Number Available ¹	Pre-Sabbatical Employment Requirements	Compensation During Sabbatical ²	Reporting	Post-Sabbatical Employment Requirements
Milwaukee Area	Faculty, support staff, and administrators	Review by leave committee and college president and approval by district board	Four annually (faculty); two annually (support staff); no limit (administrators)	Six years	60% salary and 100% benefits	During and after leave	One year
Moraine Park	Faculty and administrators	Review by leave committee and approval by district board	Two annually (faculty); one annually (administrators)	Five years	50% salary and 100% benefits (faculty); 100% salary and undefined benefit levels (administrators)	During and after leave	Twice the length of leave
Nicolet Area	Faculty	Review by leave committee and approval by college president	Two annually	Seven years	100% salary in 1 st semester, 50% salary in 2 nd semester; 100% benefits in each semester	After leave	Three years
Northcentral	Faculty	Review by leave committee and approval by district board	Two annually	Five years	75% salary and 100% benefits	During and after leave	Twice the length of leave
Northeast Wisconsin	Faculty	Review by college president and approval by district board	Two annually	Six years	50% salary and 100% benefits	None	Two years
Southwest Wisconsin	Faculty and administrators	Review and approval by college president with advice from teacher's union (for faculty); undefined process (for administrators)	No limits (faculty); one annually (administrators)	Five years	50% salary (faculty); 50% salary and 100% benefits (administrators)	None	Two years (faculty only)
Waukesha County	Faculty	Review by leave committee and approval by district board	Two annually	Seven years	50% salary and 50% benefits	During and after leave	Four times the length of leave

District	Eligibility	Approval Process	Maximum Number Available ¹	Pre-Sabbatical Employment Requirements	Compensation During Sabbatical ²	Reporting	Post-Sabbatical Employment Requirements
Western	Faculty	Review and approval by district board	None	Four years	Lesser of 50% salary or \$9,000; 50% single benefits or 47.5% family benefits	None	Two years
Wisconsin Indianhead	Faculty and administrators	Review and approval by college president	None	Six years (faculty); five years (administrators)	50% salary and 100% benefits	None	None (faculty); two years (administrators)

¹ Maximums are for a full school year. In some districts, a one-semester sabbatical is counted as 50% of a single sabbatical.

² Sabbatical compensation for benefits represents employer-paid health insurance costs (as a percentage of those provided to active full-time employees). Other benefits may accrue during sabbatical leave.

³ Faculty employed for eight or more years prior to sabbatical leave earn 66.6% of their salaries during leave.

⁴ Administrators earn 85% of their salaries for up to one year.



March 6, 2007

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

Dear Ms. Mueller:

The Wisconsin Technical College System appreciates the Legislative Audit Bureau's efforts in completing an evaluation of its personnel policies and practices. This was a complex evaluation because much of the detailed employee information, collective bargaining agreements, and personnel policies necessary to complete the evaluation were located at the district level. I have heard only positive comments from the districts regarding the professional manner in which your staff conducted their review.

A portion of the report is dedicated to discussing employee compensation, particularly that of full-time faculty, and how it compares to other educational institutions. The report provides several possible explanations for WTCS faculty compensation levels. Most importantly, the report notes that those full-time faculty who earned compensation beyond the base salary stipulated in their collective bargaining agreement did so by working more than a full-time workload, primarily by teaching additional courses. Furthermore, the report indicates that many factors can influence faculty compensation, including tenure, the employment market, collective bargaining agreements, fringe benefits, and the extent to which institutions rely on part-time faculty.

I would like to expand on the Audit Bureau's observation about the factors that influence faculty compensation. First, technical college districts must recruit and hire in very competitive employment markets. As noted in the Audit Bureau's report on economic development programs released in August 2006, the Wisconsin Technical College System makes an important contribution to the development of Wisconsin's economy by ensuring the availability of a well-trained and knowledgeable workforce. The responsive career and technical education provided by technical college districts requires faculty who have significant work experience and who are willing to work flexible schedules. Flexible faculty work assignments, including the use of additional teaching assignments, allow technical college districts to serve working adults and to meet the education and training needs of employers with minimal disruption to their business operations. Technical college faculty apply their hands-on industry experience and knowledge in the classroom to ensure students have the skills to meet the needs of employers and to achieve career success. Consequently, the technical college districts are competing to employ nurses, accountants, information technology professionals, and others who can demand a high salary in the private sector. Competitive compensation is critical to ensuring that technical college districts attract qualified instructors.

Daniel Clancy, President

4622 University Avenue, PO Box 7874 Madison, Wisconsin 53707-7874 608.266.1207

TTY: 608.267.2483 Fax: 608.266.1690

www.wtcsystem.edu www.witechcolleges.com

Second, a common method for measuring personnel costs is to use full-time equivalent positions; a measure which recognizes the effect of using a mix of part-time and full-time faculty and extra work assignments to meet the instructional needs of higher education institutions. This is especially important in the Technical College System, where approximately 60 percent of faculty are part-time or adjunct faculty. As shown in the table below, the average earnings of a technical college full-time equivalent faculty position were \$62,094 in FY 2004-05, or \$12,504 less than the average earnings of a full-time faculty member. As this difference illustrates, the use of part-time and adjunct faculty brings the average earnings of technical college faculty down substantially from that of full-time faculty alone.

**Average Earnings of Faculty by WTCS District
FY 2004-05**

	Average Earnings of Full-Time Faculty	Average Earnings of a Full-Time Equivalent Faculty Position*	Difference
Blackhawk	\$63,380	\$57,888	(\$ 5,492)
Chippewa Valley	71,489	59,765	(11,724)
Fox Valley	73,068	59,587	(13,481)
Gateway	74,833	72,507	(2,326)
Lakeshore	71,414	54,699	(16,715)
Madison Area	74,719	60,161	(14,558)
Mid-State	65,818	61,005	(4,813)
Milwaukee Area	89,850	70,658	(19,192)
Moraine Park	64,871	58,242	(6,629)
Nicolet	77,478	60,556	(16,922)
Northcentral	62,165	57,692	(4,473)
Northeast	82,406	62,580	(19,826)
Southwest	63,090	50,140	(12,950)
Waukesha County	74,517	64,254	(10,263)
Western	57,666	51,100	(6,566)
Wis. Indianhead	61,163	55,144	(6,019)
System Average	\$74,598	\$62,094	(\$12,504)

* Based on each technical college district's faculty workload standards.

Finally, as noted in the report, fringe benefits may have a significant effect on total personnel costs. As shown in Table 16 of the report, the average full-time faculty fringe benefit cost was \$25,923 in FY 2004-05. If districts employed additional faculty rather than assign the work to existing faculty, their fringe benefit costs would likely increase. Consequently, in many cases it may be more cost-effective to pay existing faculty to teach additional courses beyond their regular workload.

The System Office will work with the technical college districts to ensure that all five of the report's recommendations are implemented. Let me discuss each recommendation more specifically.

Recommendation 1:

We recommend the Technical College System Board report to the Joint Legislative Audit Committee by September 1, 2007, on all technical college districts' plans for addressing other post-employment benefits costs.

As the Audit Bureau reported, the Governmental Accounting Standards Board issued new rules requiring public employers to recognize the costs of other post-employment benefits (OPEB) for retirees, which largely consist of health care costs. For most Wisconsin technical college districts, these new accounting rules do not take effect until FY 2008-09; nevertheless, thirteen districts have already completed their actuarial studies, and the three remaining districts will have their studies completed in the time required. The two districts with the largest liabilities—Waukesha County and Milwaukee Area—have both been planning how to finance their OPEB liabilities for some time. The Waukesha County district has already designated over \$30 million and created an irrevocable trust to accumulate additional funds to meet its liability, while the Milwaukee Area district intends to have a plan in place for its FY 2007-08 budget. The System Office will provide a report on all the technical college districts' plans for addressing OPEB costs to the Joint Legislative Audit Committee by September 1, 2007 as recommended.

The disclosure and funding of the OPEB liabilities may pose challenges for many governmental entities across the state and nation, including potential adverse effects on bond ratings and the cost of bond issuance. However, according to a recent report by Moody's Investors Service, Wisconsin's technical college districts have the highest bond ratings found in any state technical or community college system in the nation, demonstrating a history of prudent financial management. Moody's awarded two of Wisconsin's technical college districts—Madison Area and Waukesha County—with the highest possible bond rating. Moody's concluded that the districts' high-credit quality will likely continue in the future due to their healthy reserves and manageable debt level. In a separate report, Moody's has stated that it does not anticipate that OPEB disclosures will cause immediate and widespread rating adjustments, and expects the disclosure effects will be largely positive over the long term.

Recommendation 2:

We recommend the technical college districts improve the accuracy of employee leave reporting by developing procedures for recording and monitoring leave used for long absences.

I was pleased with the Audit Bureau's finding that districts' leave reporting systems correctly document reported absences and that the few discrepancies involving extended medical leaves have already been corrected. Since the majority of technical college districts do not permit sick leave to be converted to health insurance benefits at retirement, there is little incentive to accrue unused sick leave. Given that fact and the report finding that technical college full-time faculty reported sick leave "significantly greater than the average of 0.8 days reported by UW System faculty," it appears that the average of 3.2 days of sick leave reported by technical college district full-time faculty represents a reasonable number of absences.

Some questions may still arise about the Audit Bureau's finding that 38.1 percent of full-time faculty did not report any sick leave during FY 2004-05, as compared to 77.1 percent of UW System full-time faculty. However, the Audit Bureau's affirmation of the accuracy of technical college leave reporting systems and the reasonable number of sick leave days reported should mitigate potential concerns about the use of sick leave. The technical college districts will develop procedures for recording and monitoring leave used for extended absences as recommended.

Recommendation 3:

We recommend the technical college districts improve compliance with their sabbatical policies through consistent reporting of sabbatical outcomes.

The report notes that while all 16 technical colleges offer sabbaticals, only 17 sabbaticals were taken during the past two academic years. I was pleased with the Audit Bureau's findings of general compliance with district policies and procedures related to sabbaticals, with only two reporting issues noted. The technical college districts will improve reporting of sabbatical outcomes as recommended.

Recommendation 4:

We recommend each technical college district board ensure that procurement practices for all retainer agreements adhere to state law and WTCS policies, and that the Technical College System Board further ensure compliance by directing its staff to periodically review the procurement procedures and practices of each district.

As noted in the report, the Wisconsin Technical College System has promulgated administrative rules establishing procurement policies and procedures as required by statute. In addition, the System Office has also established more detailed standards to ensure fair and open competition in the procurement process. As part of its review of retainer agreements, the Audit Bureau found

that four of those agreements did not follow appropriate procurement procedures. The report also notes that two of these agreements either expired or were terminated by the district by the end of 2006. The other two districts have indicated that they intend to follow the applicable procurement procedures at the expiration of the current contract period. The System Office and technical college districts are committed to operational accountability; therefore, I have directed System Office staff to review the technical college districts' procedures and practices on a periodic basis as recommended.

Recommendation 5:

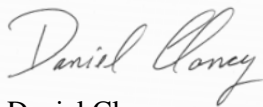
We recommend technical college districts annually report to the WTCS Board on the number, type, and cost of any settlement agreements they enter into.

The Audit Bureau determined that back-up positions or similar job protections available to UW System employees are not available to WTCS employees. Instead, the technical college districts may use a mechanism common in the private sector—the use of settlement or severance agreements—when terminating an individual's employment. The report concludes that “settlement agreements may be a prudent alternative to lawsuits that could be costly to litigate, or when an employee whose job performance is unsatisfactory agrees to leave a position before an employment contract expires.”

The report also appropriately states that “while settlement agreements may be effective in some situations, colleges should carefully consider whether a settlement agreement is the most appropriate and least costly solution, or whether other options should be pursued.” The Audit Bureau identified 81 settlement agreements, judgments, or separation agreements over nearly a four year period, out of the nearly 13,000 individuals employed annually within the Technical College System. That number of settlement agreements suggests that the technical college districts are already heeding the Audit Bureau's advice and will continue to do so in the future. The technical college districts will annually report to the System Office the number, type, and cost of any settlement agreements as recommended.

Thank you for the opportunity to respond to this important evaluation. The Audit Bureau's report will help reinforce the Wisconsin Technical College System's strong commitment to public accountability and educational excellence.

Sincerely,



Daniel Clancy
President

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