

November 4, 2004

NOTICE TO RESIDENTS OF THE MILWAUKEE AREA TECHNICAL
COLLEGE DISTRICT, WISCONSIN

A Special Meeting* of the **MILWAUKEE AREA TECHNICAL COLLEGE DISTRICT BOARD, WISCONSIN** will be held in the **BOARD ROOM (ROOM M210) of MILWAUKEE AREA TECHNICAL COLLEGE 700 WEST STATE STREET, MILWAUKEE, WISCONSIN** on **FRIDAY, NOVEMBER 5, 2004**, beginning at **3:00 P.M.** The agenda* for said meeting is presented as follows:

- A. Roll Call**
- B. Compliance with Open Meetings Law**
- C. Consideration of Health Care Plans for Employee Group Medical Insurances and Self-Insured Preferred Provider Option****

* This meeting may be conducted in part by telephone. Several participants in the meeting may participate by telephone. Telephone speakers will be available to allow the public to hear those parts of the proceedings that are open to the public.

** It is anticipated that this item may be discussed in Closed Session pursuant to Section 19.85(1)(e) of the Wisconsin Statutes.

MATC Special Board of Directors Meeting - November 5, 2004
 3-Fiscal Year Comparison of 12-Month vs. 18-Month Insurance Contract Options

FY 2004-05							
	PPO Plan (Self-insured)	Broad HMO	Narrow HMO	Subtotal Plan costs	Reserves at 15% level	IBNR* projections	Grand Totals:
12-month contract eff 1/1/05	\$13,795,519	\$4,675,577	\$6,185,790	\$24,656,886	\$2,069,328	\$234,695	\$26,960,909
18-month contract eff 1/1/05	\$14,249,297	\$4,828,594	\$6,390,193	\$25,468,084	\$2,137,395	\$349,629	\$27,955,108
	(\$453,778)	(\$153,017)	(\$204,403)	(\$811,198)	(\$68,067)	(\$114,934)	(\$994,199)
FY 2005-06							
	PPO Plan (Self-insured)	Broad HMO	Narrow HMO	Subtotal Plan costs	Reserves at 15% level	IBNR projections	Grand Totals:
12-month contract eff 1/1/06	\$15,467,089	\$5,595,693	\$7,484,495	\$28,547,277	\$2,320,063	\$404,994	\$31,272,334
18-month contract continuing to 6/30/06	\$15,298,462	\$5,463,357	\$7,306,959	\$28,068,778	\$2,294,769	\$260,248	\$30,623,795
	\$168,627	\$132,336	\$177,536	\$478,499	\$25,294	\$144,746	\$648,539
FY 2006-07							
	PPO Plan (Self-insured)	Broad HMO	Narrow HMO	Subtotal Plan costs	Reserves at 15% level	IBNR projections	Grand Totals:
12-month contract eff 1/1/07	\$17,209,650	\$6,546,962	\$8,756,859	\$32,513,471	\$2,581,448	\$410,546	\$35,505,465
12-month contract eff 7/1/07	\$17,077,285	\$6,392,127	\$8,549,142	\$32,018,554	\$2,561,593	\$407,266	\$34,987,413
	\$132,365	\$154,835	\$207,717	\$494,917	\$19,855	\$3,280	\$518,052
Plan cost of 12-month contract over 3 years:				\$85,717,634	<u>Difference:</u>		
Plan cost of 18-month contract over 3 years:				\$85,555,416	<u>\$162,218</u>		
Reserve cost of 12-month contract over 3 years:				\$8,021,074	<u>Difference:</u>		
Reserve cost of 18-month contract over 3 years:				\$8,010,900	<u>\$10,174</u>		
<i>Using current renewal assumptions, investment of \$811K in plans costs in FY 04-05 will return \$478K in FY 05-06 and \$495K in FY 06-07, while moving insurance contract renewals to fiscal year.</i>							
*IBNR = "Incurred but not reported" claims (lag time)							

**MATC Special Board Meeting
November 5, 2004**

(Three) 12-Month Renewals - Effective: 1/1/05; 1/1/06; 1/1/07 – Option A

Advantages:	Disadvantages:
Consultant projections show lower costs than 18-month contract in first fiscal year	Confusion and distrust exist due to different acctg cycles: calendar year renewals vs fiscal year budgeting
Calendar year basis for members easier for Flexible Spending Account elections	Subject to another premium “bump” on 1/1/06
Could take advantage of lower increase for 2006 if medical trend turns down	

(One) 18-Month Renewal + (One) 12-Month Renewal – Effective: 1/1/05; 7/1/06 – Option B

Advantages:	Disadvantages:
Moves insurance renewals to coincide with college’s fiscal year and labor agreement expirations	Budget costs for FY 04-05 are higher
“Locks in” premium rates for additional 6 month period	College assumes more risk on individual claims over 18-mo period: \$150K vs \$200K (one-time)
Mid-year renewals tend to have less conservative medical trends in underwriting assumptions	
Opportunity for 18-month contract may not come again, depending on experience	
Retirees and part-time contributors experience longer period between increases (one-time)	

Milwaukee Area Technical College
General Fund Financial Forecast

Rev 10/26/04

2005 Budget - current

	Actual 2003-2004	Modified Budget 2004-2005	+/- %	Projected 2005-2006	+/- %
REVENUES					
Tax Levy	\$82,225,341	\$89,910,730	9.3%	\$93,684,000	4.2%
State Aid	26,007,090	25,824,000	-0.7%	25,695,000	-0.5%
State Aid Reduction	-	0		-	
Federal Aid	83,431	85,000	1.9%	85,000	0.0%
Student Fees and Tuition	28,388,180	30,784,850	8.4%	32,813,000	7.1%
Other	4,448,285	5,062,000	13.8%	5,062,000	0.0%
TOTAL REVENUES	\$141,152,327	\$151,666,580	7.4%	\$157,339,000	4.7%
EXPENDITURES					
Salaries					
Instructors	\$46,975,045	\$49,799,822	6.0%	\$51,717,000	3.8%
Technical	12,069,926	13,496,756	11.8%	14,145,000	4.8%
Clerical	6,414,808	7,156,923	11.6%	7,548,000	5.5%
Service/Maintenance	5,162,388	5,705,253	10.5%	6,017,000	5.5%
Administrative	7,167,560	7,562,056	5.5%	7,778,000	2.9%
Adjunct Instructors	13,600,507	12,615,485	-7.2%	13,038,000	3.3%
PT Staff/Other	2,580,688	2,770,262	7.3%	2,849,000	2.8%
Student Salaries	190,467	327,380	71.9%	337,000	2.9%
Reduce Ed Asst & NR to 43 wks		(155,000)		(161,200)	4.0%
Position Vacancy		(765,000)		(795,600)	4.0%
Position Reduction		0		(800,000)	4.0%
Position Additions		166,000		172,640	4.0%
Capitalization & Transfers		(1,330,000)		(1,330,000)	0.0%
Total Salaries	94,161,389	97,349,937	3.4%	100,514,840	3.3%
Fringe Benefits					
Health & Dental Insurance	18,488,148	21,093,000	14.1%	23,982,741	13.7%
Life Insurance	556,341	571,000	2.6%	623,000	9.1%
Retirement	9,149,188	9,524,026	4.1%	9,912,000	4.1%
LTD Insurance	488,363	510,000	4.4%	556,000	9.0%
Fica Tax	6,928,594	7,192,000	3.8%	7,485,000	4.1%
Position Reductions - Related Fringe		66,000		(251,000)	-480.3%
Misc.	(220,006)	0			
Total Fringe Benefits	35,390,628	38,956,026	-0.8%	42,307,741	7.7%
Other Expenses					
Supplies - Non-Instructional	3,278,616	2,850,053	-13.1%	2,913,000	2.2%
Supplies -Instructional	725,406	816,627	12.6%	849,000	4.0%
Faculty Credentials	191,335	50,000		-	0.0%
Bad Debt Expense	(164,657)	99,750	-160.6%	102,000	2.3%
Travel	180,877	200,631	10.9%	205,000	2.2%
Public Information	893,874	742,341	-17.0%	759,000	2.2%
Building Repairs	270,056	267,703	-0.9%	274,000	2.4%
Equipment Repair	560,622	584,811	4.3%	598,000	2.3%
Rental Expense	842,348	600,000	-28.8%	613,000	2.2%
Utilities	2,095,876	2,228,700	6.3%	2,342,000	5.1%
Telephone	362,505	286,727	-20.9%	293,000	2.2%
Contracted Services	1,405,977	1,824,822	29.8%	1,865,000	2.2%
Insurance	1,910,734	1,230,332	-35.6%	1,230,000	0.0%
Initiatives		58,058		74,160	
Legal Services	470,023	325,482	-30.8%	333,000	2.3%
Total Other Expenses	13,023,592	12,166,037	-6.6%	12,450,160	2.3%
TOTAL EXPENSES	\$142,575,609	\$148,472,000	4.1%	\$155,272,741	4.4%
REVENUE OVER (UNDER) EXPENSES	(\$1,423,282)	\$3,194,580		\$2,066,259	
Beginning Balance for Operations	15,646,990	13,804,195		15,943,775	
Revenue Over (Under) Expenses	(1,423,282)	3,194,580		2,066,259	
Other Sources (Uses)	(12,480)				
Use - Transfer to Enterprise Fund	(407,033)	(1,055,000)		(750,000)	
Ending Balance for Operations	\$13,804,195	\$15,943,775		\$17,260,034	
Fund Balance Designated for Operations as a % of Revenues	9.8%	10.5%		11.0%	
Unreserved Fund Balance Target 10 % of Revenues	14,115,233	15,166,658		15,733,900	
Fund Balance Overage (Shortfall) from 10% Reserve Target	(311,038)	777,117		1,526,134	

Milwaukee Area Technical College
General Fund Financial Forecast

2005 Budget - 12 month health contract

	Actual 2003-2004	Budget 2004-2005	+/- %	Projected 2005-2006	+/- %
REVENUES					
Tax Levy	\$82,225,341	\$89,910,730	9.3%	\$93,684,000	4.2%
State Aid	26,007,090	25,824,000	-0.7%	25,695,000	-0.5%
State Aid Reduction	-	0		-	
Federal Aid	83,431	85,000	1.9%	85,000	0.0%
Student Fees and Tuition	28,388,180	30,784,850	8.4%	32,813,000	7.1%
Other	4,448,285	5,062,000	13.8%	5,062,000	0.0%
TOTAL REVENUES	\$141,152,327	\$151,666,580	7.4%	\$157,339,000	4.7%
EXPENDITURES					
Salaries					
Instructors	\$46,975,045	\$49,799,822	6.0%	\$51,717,000	3.8%
Technical	12,069,926	13,496,756	11.8%	14,145,000	4.8%
Clerical	6,414,808	7,156,923	11.6%	7,548,000	5.5%
Service/Maintenance	5,162,388	5,705,253	10.5%	6,017,000	5.5%
Administrative	7,167,560	7,562,056	5.5%	7,778,000	2.9%
Adjunct Instructors	13,600,507	12,615,485	-7.2%	13,038,000	3.3%
PT Staff/Other	2,580,688	2,770,262	7.3%	2,849,000	2.8%
Student Salaries	190,467	327,380	71.9%	337,000	2.9%
Reduce Ed Asst & NR to 43 wks		(155,000)		(161,200)	4.0%
Position Vacancy		(765,000)		(795,600)	4.0%
Position Reduction		0		(800,000)	4.0%
Position Additions		166,000		172,640	4.0%
Capitalization & Transfers		(1,330,000)		(1,330,000)	0.0%
Total Salaries	94,161,389	97,349,937	3.4%	100,514,840	3.3%
Fringe Benefits					
Health & Dental Insurance	18,488,148	21,026,000	13.7%	24,390,160	16.0%
Life Insurance	556,341	571,000	2.6%	623,000	9.1%
Retirement	9,149,188	9,524,026	4.1%	9,912,000	4.1%
LTD Insurance	488,363	510,000	4.4%	556,000	9.0%
Fica Tax	6,928,594	7,192,000	3.8%	7,485,000	4.1%
Position Reductions - Related Fringe		66,000		(251,000)	-480.3%
Misc.	(220,006)	0			
Total Fringe Benefits	35,390,628	38,889,026	-1.0%	42,715,160	8.8%
Other Expenses					
Supplies - Non-Instructional	3,278,616	2,850,053	-13.1%	2,913,000	2.2%
Supplies -Instructional	725,406	816,627	12.6%	849,000	4.0%
Faculty Credentials	191,335	50,000		-	0.0%
Bad Debt Expense	(164,657)	99,750	-160.6%	102,000	2.3%
Travel	180,877	200,631	10.9%	205,000	2.2%
Public Information	893,874	742,341	-17.0%	759,000	2.2%
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Insurance	1,910,734	1,230,332	-35.6%	1,230,000	0.0%
Initiatives		58,058		74,160	
Legal Services	470,023	325,482	-30.8%	333,000	2.3%
Total Other Expenses	13,023,592	12,166,037	-6.6%	12,450,160	2.3%
TOTAL EXPENSES	\$142,575,609	\$148,405,000	4.1%	\$155,680,160	4.6%
REVENUE OVER (UNDER) EXPENSES	(\$1,423,282)	\$3,261,580		\$1,658,840	
Beginning Balance for Operations	15,646,990	13,804,195		16,010,775	
Revenue Over (Under) Expenses	(1,423,282)	3,261,580		1,658,840	
Other Sources (Uses)	(12,480)				
Use - Transfer to Enterprise Fund	(407,033)	(1,055,000)		(750,000)	
Ending Balance for Operations	\$13,804,195	\$16,010,775		\$16,919,615	
Fund Balance Designated for Operations as a % of Revenues	9.8%	10.6%		10.8%	
Unreserved Fund Balance Target 10 % of Revenues	14,115,233	15,166,658		15,733,900	
Fund Balance Overage (Shortfall) from 10% Reserve Target	(311,038)	844,117		1,185,715	

2005 Budget - 18 month health contract

	Actual 2003-2004	Budget 2004-2005	+/- %	Projected 2005-2006	+/- %
REVENUES					
Tax Levy	\$82,225,341	\$89,910,730	9.3%	\$93,684,000	4.2%
State Aid	26,007,090	25,824,000	-0.7%	25,695,000	-0.5%
State Aid Reduction	-	0		-	
Federal Aid	83,431	85,000	1.9%	85,000	0.0%
Student Fees and Tuition	28,388,180	30,784,850	8.4%	32,813,000	7.1%
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Initiatives		58,058		74,160	
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REVENUE OVER (UNDER) EXPENSES	(\$1,423,282)	\$2,431,580		\$2,094,051	
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Revenue Over (Under) Expenses	(1,423,282)	2,431,580		2,094,051	
Other Sources (Uses)	(12,480)				
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Unreserved Fund Balance Target 10 % of Revenues	14,115,233	15,166,658		15,733,900	
Fund Balance Overage (Shortfall) from 10% Reserve Target	(311,038)	14,117		790,926	