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**MATC facing huge revenue challenges as student demand grows**  
*Report suggests technical college will need to consider budget cuts in face  
of shrinking property tax resources*

**MILWAUKEE, Wisconsin** – *Wednesday, September 22, 2010* – In a comprehensive assessment of the Milwaukee Area Technical College's (MATC) fiscal condition, the Public Policy Forum finds the college "is threatened by a sizable and growing fiscal imbalance and limited options to address it."

The 66-page report uses a fiscal monitoring methodology employed last year for award-winning reports on Milwaukee County and the City of Milwaukee to examine fiscal trends, compare MATC with other state and national technical colleges, analyze the causes of emerging fiscal challenges, and discuss potential solutions.

Like the city and county reports, the report on MATC paints a somewhat alarming picture. It finds a local institution that has taken on increased importance in light of the economic downturn and community-wide efforts to increase the number of college degree-holders, but one that has been hit hard by the recent decline in property values.

"Reduced property values hurt MATC more than other local taxpayer-funded entities because it is so dependent upon property tax resources and subject to a strict levy cap," says Forum President Rob Henken. "Because its other revenue options are limited, MATC likely will have little choice but to look at cutting expenditures, despite the pressures caused by growing enrollment."

Key findings from the Forum report include:

- Property tax revenues constitute about 60% of MATC's operating funds. Consequently, MATC's annual budget has mirrored the ups and downs of the real estate market, with revenues climbing much faster than the rate of inflation from 2005 to 2009, and then falling in the next two years.
- MATC's funding from the state declined by about \$2 million from 2005 to 2009. Since MATC is less dependent upon state funds than other local governments, the college was able to weather the impact of declining state aid during that period. Now that property tax revenues are falling, the level of state aid is a more critical issue for the college's financial well-being.
- Student charges have constituted MATC's fastest growing financial resource, with tuition and fees rising from a budgeted \$31 million in 2005 to a budgeted \$47 million in 2011. Tuition rate increases of nearly 40% have fueled this revenue growth, raising questions about affordability and access.
- Fringe benefit and salary increases were responsible for about three-quarters of all expenditure growth in the five years under review. Comparative data from 2005 to 2008 show that MATC's health care expenditures rose by 35% during this period – more than twice as fast as those at Milwaukee County and the City of Milwaukee.
- The imbalance between ongoing revenues and expenditures will continue to grow unless addressed by substantive budgetary action. The analysis projects an annual structural gap that will reach \$11 million to \$62 million within the next five years.

Despite these growing challenges, the report finds significant potential capacity to respond.

When compared with the 15 other members of the Wisconsin Technical College System, MATC has the highest average faculty salary and one of the lowest faculty-to-student ratios.

Meanwhile, when compared with 84 other large public two-year technical and community

colleges nationally, MATC ranks *number one* in expenditures per full-time equivalent student with regard to total operating expenses, salary expenditures, and fringe benefit expenditures.

“While cuts in faculty expenditures thus appear practicable, any such cuts must weigh potential impacts on educational quality and graduation rates, as well as the need to keep up with recent double-digit growth in enrollment,” says Henken. “Another consideration is the emphasis community leaders are placing on increasing the number of college graduates in metro Milwaukee and MATC’s critical role in achieving that objective.”

The analysis of MATC’s fiscal condition and practices also offers opportunity for comparison with other local governments, particularly the City of Milwaukee and Milwaukee County. The report discusses both similarities and differences in budget strategies, as well as insights that have “relevance to the current discussion about governance structure in Milwaukee County.”

The full report can be accessed at the Forum’s web site, [www.publicpolicyforum.org](http://www.publicpolicyforum.org). The report was made possible with grant funding from the Northwestern Mutual Foundation.

Milwaukee-based Public Policy Forum, established in 1913 as a local government watchdog, is a nonpartisan, nonprofit organization dedicated to enhancing the effectiveness of government and the development of southeastern Wisconsin through objective research of public policy issues.

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