



Legislative Fiscal Bureau

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May 2, 2001

Joint Committee on Finance

Paper #793

GPR-Earned Credited from Criminal Background Check Fees (R&L)

CURRENT LAW

The Department of Regulation and Licensing (R&L) is required to conduct criminal records checks for applicants for licensure as private detectives and as security guards. R&L may also review the criminal record of any other individual who seeks professional licensure by the Department, an examining board or an affiliated credentialing board, when such an investigation appears warranted. Under s. 440.03(13) of the statutes, R&L must establish fees to cover the costs and other expenses of conducting these criminal background investigations. The fees collected to cover criminal background check expenses are credited to a separate PR continuing appropriation for applicant investigation reimbursements. The base level expenditure estimate for this appropriation is \$180,100 PR annually.

GOVERNOR

Continue base level funding of \$180,100 PR annually in the applicant investigation reimbursement appropriation.

DISCUSSION POINTS

1. Currently, whenever an applicant for professional licensure is subject to a criminal records check, R&L collects a \$5 fee to cover the costs of determining whether the individual is listed in the criminal conviction record database maintained by the Department of Justice. The Department also collects a \$24 fee to cover the costs of a fingerprint search by the Federal Bureau of Investigation.

2. The following amounts have been collected from these various fees since the 1997-98 fiscal year:

| | |
|----------------|-----------|
| 1997-98 | \$103,100 |
| 1998-99 | 133,800 |
| 1999-00 | 110,000 |
| 2000-01 (est.) | 126,000 |

3. Currently, 90% of all credential fees and 90% of those examination fee charges relating to the agency's costs of preparing, grading and administering an examination are credited respectively to the Department's professional regulation general program operations appropriation and to its examinations general program operations appropriation. The remaining 10% is credited to the general fund as GPR-Earned.

4. In addition to R&L, such agencies as OCI and the PSC are also subject to this 10% transfer requirement. The rationale for applying a 10% transfer requirement is to reimburse the general fund for the indirect costs of state services that are provided to these agencies.

5. Provisions of 1999 Wisconsin Act 9 newly established the requirement that 10% of most examination fee revenues collected by R&L be deposited to the general fund. Examinations serve the function of screening which applicants for professional licensure are suitable for being issued a credential by the Department. While criminal background check activities do not test one's professional skill or knowledge they do serve an analogous screening function for the issuance of a professional license. Consequently, an argument could be advanced that criminal background check fees should also be made subject to the 10% transfer requirement. More importantly, subjecting the criminal records check fees to this transfer requirement would result in a more uniform treatment of all agency fee revenues.

6. Under this alternative, the amounts appropriated under the applicant investigation reimbursement appropriation would represent 90% of the amounts received in fee revenues and the remaining 10% would be credited to the general fund. Base level expenditures under this appropriation could also be reestimated to delete \$46,300 PR annually to reflect the maximum level of revenues credited to the account in recent fiscal years (\$133,800). Annual GPR-Earned collections of \$14,900 annually would be projected under this alternative.

7. Making this appropriation subject to the 10% transfer requirement would likely have the effect of increasing the fixed costs associated with the current criminal records search fees by \$3 to \$4 per applicant subject to these screenings. Most (but not all) of the licensed individuals subject to these additional charges would be security guards. If the Committee believes that the fee should not increase, it could maintain current law. The expenditure estimate for the appropriation could still be reestimated to \$133,800 PR annually, however.

ALTERNATIVES

1. Decrease estimated expenditures under R&L's applicant investigation reimbursement appropriation by \$46,300 PR annually, require that 10% of the total revenues received under the appropriation be deposited to the general fund, and estimate GPR-Earned receipts of \$14,900 annually.

| <u>Alternative 1</u> | <u>GPR-Earned</u> | <u>PR</u> |
|---|-------------------|------------|
| 2001-03 REVENUE (Change to Bill) | \$29,800 | \$0 |
| 2001-03 FUNDING (Change to Bill) | \$0 | - \$92,600 |

2. Decrease estimated expenditures under R&L's applicant investigation reimbursement appropriation by \$46,300 PR annually.

| <u>Alternative 2</u> | <u>PR</u> |
|---|------------|
| 2001-03 FUNDING (Change to Bill) | - \$92,600 |

3. Maintain current law.

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