



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

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Joint Committee on Finance

Paper #698

Trade Examination Providers (Safety and Professional Services -- Safety and Buildings Programs)

[LFB 2023-25 Budget Summary: Page 568, #7]

CURRENT LAW

The statutes and administrative rules establish requirements and procedures for examinations to be taken by applicants for licensure in numerous credentialed occupations. Under current law, examinations for health and business professions may be conducted by third-party test service providers outside of the Department of Safety and Professional Services (DSPS).

Section 440.05 (1)(b) of the statutes (DSPS standard fees) provides that if an examination is required, the applicant shall pay an examination fee to DSPS. If the Department prepares, administers, or grades the examination, the fee is to be an amount equal to the estimated actual cost of preparing, administering, or grading the examination. If DSPS approves an examination prepared, administered, and graded by a test service provider, the fee is to be an amount equal to the estimated actual cost of approving the examination, including selecting, evaluating, and reviewing the examination.

DISCUSSION POINTS

1. Assembly Bill 43/Senate Bill 70 would provide \$500,000 each year in program revenues (PR) from DSPS examination fees as one-time funding for procurement of third-party trade examination services. Under current law, examinations for health and business professions may be conducted by a test service provider outside the Department. The bill would extend the authorization to examinations for building trades occupations. The provision would authorize DSPS to contract with a third-party vendor to administer trade exams, which DSPS indicates would occur through an online platform. The Administration indicates that individuals taking the exams would pay the selected vendor directly for the examination.

2. The Department currently uses similar third-party examination providers for real estate agents. Under the current contract for these exams, a third party provides exam locations, computer-based delivery, proctors, and exam scoring. DSPS reports that the third-party provider charges those who sit for the exam a fixed amount. Of that amount, DSPS states that a portion is passed through to DSPS for administering the entire examination process. The provision is intended to improve and expedite certain examination processes, as well as expand access to and frequency of exams for credential and license seekers.

3. DSPS states that the \$1 million in the provision would allow the Department to pursue electronic integration with testing organizations. Further, DSPS indicates that there are many license types that could be integrated into a third-party testing system, but too few resources to accomplish this. Funding under the provision would be spent to further utilize third-party providers for more license and credential exams.

4. Chapter SPS 305 of the administrative code establishes fees and terms for trades credentials, and currently requires any fees for credential application and examination to be received prior to DSPS administering an examination. However, SPS 305 fees would not be affected by the provision.

5. AB 43/SB 70 would accomplish the extension of testing authority by updating a cross-reference under s. 101.022 of the statutes. This section applies to trades occupational regulation multiple authorities under Chapter 440 of the statutes regarding DSPS health and business professional credentialing. The provision would extend the authority of DSPS to "approve, in whole or in part, an examination prepared, administered and graded by a test service provider." The provision would also specify DSPS could approve examinations provided by the testing service to master and journeyman plumbers.

6. The provision would not specifically extend for trades occupational examinations the authority under s. 440.05 (1)(b) of the statutes, under which DSPS may receive as an examination fee an amount equal to the estimated cost of approving the examination. Inclusion of this provision may clarify the ability of DSPS to utilize the model previously described, under which the test provider would remit to DSPS an amount associated with exam administration or approval.

7. As the provision is intended to expand offerings of examinations for trades occupations, the Committee could approve the one-time funds for the Department to contract with third-party trade examination providers [Alternative 1]. Amounts could also be budgeted under the Committee's PR supplemental appropriation [Alternative 2]. This would demonstrate a commitment of funding being available for the project, which can aid an agency in securing a range of bids from interested vendors. Funding could then be released to DSPS upon the agency's request as the project proceeds.

8. The Committee could include the authorization for DSPS to receive exam fees from a third-party provider in an amount equal to the estimated cost of approving the exam, including selecting, evaluating and reviewing the exam [Alternative 3]. Additional authorizations could provide DSPS flexibility in developing and contracting for a system for examination administration by third-party providers.

9. The Committee could also take no action [Alternative 4]. DSPS could request the funds through a passive review request under s. 16.515 request at a later date.

ALTERNATIVES

1. Provide \$500,000 each year in one-time funding for procurement of third-party trade examination services. Authorize DSPS to provide examinations for building trades occupations under contract with a third-party vendor.

ALT 1	Change to Base
PR	\$1,000,000

2. In addition to Alternative 1, provide funding in the Committee's PR supplemental appropriation.

3. In addition to Alternative 1 or 2, specify that the provisions under s. 440.05(1)(b) of the statutes apply to DSPS administration of trades occupational licensing under s. 101.022. (DSPS would be authorized to receive exam fees from a third-party provider in an amount equal to the estimated cost of approving the exam, including selecting, evaluating and reviewing the exam.)

4. Take no action.

Prepared by: Moriah Rapp

