

State of Wisconsin

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316 East. State Capitol
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ASSEMBLY CHAIR
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308 East. State Capitol
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Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: May 28, 2024

Re: s. 16.515/16.505(2), Stats. Request

Attached is a copy of a request from the Department of Administration, received May 28, 2024, pursuant to s. 16.515/16.505(2), Stats., on behalf of the Department of Public Instruction.

Please review the material and notify **Senator Marklein** or **Representative Born** no later than **Friday, June 14, 2024**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.


Attachments

HM:MB:jm



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Kathy Blumenfeld, Secretary

Date: May 23, 2024
To: The Honorable Howard Marklein, Co-Chair
Joint Committee on Finance
The Honorable Mark Born, Co-Chair
Joint Committee on Finance
From: Kathy K. Blumenfeld, Secretary ^{DS} 
Department of Administration
Subject: s. 16.515/16.505(2) Request(s)

MAY 28 2024
Jt. Finance

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2023-24</u>		<u>2024-25</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DPI 20.255(1)(hg)	Personnel licensure, teacher supply, information and analysis and teacher improvement	\$150,000			

As provided in s. 16.515, the request(s) will be approved on June 14, 2024, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Kirsten Grinde at (608) 266-1353, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Kathy Blumenfeld, Secretary
Brian Pahnke, Administrator

Date: May 23, 2024

To: Kathy Blumenfeld, Secretary
Department of Administration

From: Kyle Kretschmann
Executive Policy and Budget Analyst

Subject: Request under s. 16.515 from the Department of Public Instruction for increased program revenue expenditure authority.

Request

The Department of Public Instruction requests a one-time increase in expenditure authority of \$150,000 PR in fiscal year 2023-24 in the department's personnel licensure, teacher supply, information and analysis and teacher improvement appropriation under s. 20.255(1)(hg).

Revenue Source for Appropriation

The program revenue appropriation for the department's personnel licensure, teacher supply, information and analysis and teacher improvement appropriation is funded with fees charged to individuals applying for a K-12 educator license, as well as fees charged to offset the cost of conducting background checks, and fees assessed to educator preparatory programs and school districts that participate in the Wisconsin Internship Program. The appropriation is credited with 90 percent of the fee revenue generated by applications for certification or licensure of school personnel and public library personnel, and the remaining 10 percent of this fee revenue is deposited in the general fund as GPR-earned. All Wisconsin Internship Program fee revenue is credited to the appropriation.

Background

All public school teachers, supervisors, administrators, and professional staff must hold a teaching license issued by the department. The State Superintendent may make rules to establish standards related to the examination and licensing of these individuals. The department must approve teacher preparatory programs, conduct background checks of licensure applicants, assist local education agencies in locating qualified school personnel, analyze school personnel supply, operate the Wisconsin Internship Program, and develop an educator effectiveness teacher evaluation system.

The State Superintendent is permitted to establish fees sufficient to fund certification and licensing administrative costs, and may charge fees to educator preparatory programs and school districts participating in the Wisconsin Internship Program (credited in whole or part to the appropriation described above). The department's licensing, educator advancement, and development (LEAD) team is responsible for processing licensing applications. The LEAD team's annual workload is cyclical, with the highest volume in the spring and early summer because license renewals are due by July 1.

Under 2017 Wisconsin Act 59, the state's previous five-year teacher license renewal structure was replaced by a model that permits teachers to obtain a lifetime license through tiers or stages of

Kathy Blumenfeld, Secretary
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licensure. Tier I licenses are temporary licenses issued for a set number of years, including one-year and three-year licenses with stipulations, one-year administrator licenses, short-term substitute licenses, and experience-based licenses for technical education subjects. Tier II licenses are provisional licenses issued to individuals with bachelor's degrees who complete approved teacher preparatory pathways including initial licenses issued to new teachers, and licenses issued to individuals who return to teaching after a five year or greater absence. Tier III licenses are lifetime teaching licenses, issued to individuals who successfully complete six semesters under a Tier II license; licensees must remain employed in education in the license area and complete a background check every five years. Tier IV licenses are master educator licenses, issued to individuals who hold lifetime licenses and complete National Board Certification or the Wisconsin Master Educator Assessment Process.

The department establishes fees ranging from \$45 for a name change or background check to \$275 for a tier IV license. The most common license processing fee amount is \$125 for provisional licenses, lifetime licenses, substitute licenses, and licenses with stipulations. Individuals with valid five-year renewable licenses from before Act 59 had their licenses converted to lifetime licenses.

The changes to the licensure process created an uneven workload across a five-year period, with peaks in the 2019 and (likely) 2024 calendar years.

**Uneven Number of License Applications Received Annually
 (Including Background Checks for Lifetime Licenses)**

	2018	2019	2020	2021	2022	2023	2024 Projected
Processed Applications	22,341	53,072	45,929	42,399	45,471	37,731	58,000

The total expenditure authority in fiscal year 2023-24 for the department's teacher licensure appropriation is \$4,875,000 PR. The department currently utilizes 10.0 FTE PR LEAD team positions and seven LTEs to process an estimated 900 applications and 900 case inquiries each week, with volume expected to double or triple in June in the lead up to the July 1 deadline. Background checks are completed by the Wisconsin Department of Justice, and fingerprinting, credit card processing, and licensure information technology maintenance is provided by Fieldprint, Elevon, and Tyler Tech, respectively. An increased volume of applications relative to other years results in increased payments to service providers relative to other, nonpeak years. The department indicates that because 2024 is a peak year for licensure applications, there is significant pressure on both staff time and the capped expenditure authority in the teacher licensure appropriation.

Analysis

The department is requesting additional expenditure authority to enable the department to maintain all LTE staff to process applications while also paying for increased service contract transactions and costs that result from increased application volume. The department has a sufficient cash balance of \$2,666,241 PR from the carryover of unused revenue in prior fiscal years. This balance easily supports a one-time \$150,000 PR increase in expenditure authority for teacher licensure activities. The ending cash balance in the appropriation in each of the last four years has exceeded \$2,000,000, which is more than ten times greater than the proposed one-time increase.

The year-over-year increases in projected expenditures in the appropriation from fiscal year 2022-23 to fiscal year 2023-24 also are the result of increased permanent position salaries of \$271,700 PR;

Kathy Blumenfeld, Secretary
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LTE salaries of \$86,200 PR; fringe benefits of \$119,200 PR; and supplies and services of \$131,200 PR (totaling slightly over \$608,000 PR). These increases over fiscal year 2022-23, combined with the sum certain structure of the teacher licensure appropriation, restrict the department's ability to address workload during this peak year of applications. Without an increase in expenditure authority, the department may have to reduce the number of LTEs at a time when the peak number of applications are submitted, which will compromise the LEAD team's ability to process applications in a timely manner. Alternatively, the department will be required to move expenditures from the teacher licensure appropriation to the department's general program operations appropriation under s. 20.255(1)(a), which would negatively impact the department's operations on other teams.

No new or additional departmental or state financial resources are needed to support this increase. In fact, the increase will be supported by program revenue that was already paid by the department's customers, who have an acute interest in efficient license and background check processing.

Through the biennial budget process, the department has requested that the teacher licensure appropriation be converted from a sum-certain structure to a continuing, all moneys received appropriation structure. In the absence of being granted this flexibility to address cyclical and fluctuating year-to-year licensure costs, the department's only option to employ licensing program revenues to address peak-year licensing workload is through increased expenditure authority provided under s. 16.515, Wis. Stats.

Recommendation

Approve the request for a one-time expenditure authority increase of \$150,000 PR in fiscal year 2023-24 for teacher licensing.

Prepared by: Kyle Kretschmann
266-8593

CORRESPONDENCE/MemorandumState of Wisconsin
Department of Administration

Date: May 23, 2024
To: Brian Pahnke
From: Kyle Kretschmann
Subject: Section 16.515 Request

Attached is a s. 16.515 request analysis for your approval and processing. Listed below is a summary of each item:

DOA RECOMMENDATION:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2023-24</u>		<u>2024-25</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DPI 20.255(1)(hg)	Personnel licensure, teacher supply, information and analysis and teacher improvement	\$150,000*			

* One-time expenditure authority.

AGENCY REQUEST:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2023-24</u>		<u>2024-25</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DPI 20.255(1)(hg)	Personnel licensure, teacher supply, information and analysis and teacher improvement	\$150,000*			

* One-time expenditure authority.

BP APPROVAL 




WISCONSIN DEPARTMENT OF
Public Instruction

Jill K. Underly, PhD, State Superintendent

Date: May 13, 2024

To: Brian Pahnke, Administrator, Division of Executive Budget and Finance
State Budget Office, Department of Administration

From: Erin Fath, Director 
Policy, Budget, and Research

Subject: Request to Increase Expenditure Authority under s. 16.515, Wis. Stats.

The Department of Public Instruction (DPI) requests an increase in the expenditure authority for the appropriation under s. 20.255 (1) (hg), Wis. Stats., *Personnel licensure, teacher supply, information and analysis, and teacher improvement* [APN 12200]. Specifically, DPI requests an increase in expenditure authority of \$150,000 for FY24 above the \$4,875,000 annual appropriation level in DPI's Chapter 20 schedule, per 2023 Act 19 (2023-25 state biennial budget). The increase in expenditure authority will allow DPI to expend existing revenues to support the work required under state law related to educator licensing and educator preparation program approval.

Statutory Responsibilities

State law, under s. 115.28 (7), Wis. Stats., requires the State Superintendent to license all teachers for the public schools of the state, and, to make rules establishing standards of attainment and procedures for the examination and licensing of teachers. More specifically, DPI is required to:

- License school and public library personnel and approve teacher preparatory programs under s. 115.28 (7), Wis. Stats.
- Conduct background checks for those applying for licensure under s. 118.19 (10), Wis. Stats.
- Assist school boards, cooperative educational service agencies (CESAs), and county children with disabilities boards to locate qualified professional school personnel; assist qualified professional school personnel in locating vacant positions; and provide information and analysis related to the professional school personnel supply under s. 115.29 (5), Wis. Stats.
- Operate a program to provide prospective teachers with one-semester internships under the supervision of licensed teachers and fund in-service activities and professional staff development projects under s. 115.41, Wis. Stats.
- Develop an educator effectiveness evaluation system and an equivalency process aligned with the department's evaluation system for the evaluation of public school teachers and principals, under s. 115.415, Wis. Stats.

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Under s. 115.28 (7) (d), Wis. Stats., the state superintendent is authorized to establish fees for “the certification or licensure of school and public library personnel sufficient to fund certification and licensing administrative costs.” To generate revenue to support administering the internship and the in-service activities/professional staff development projects, the state superintendent is required to “charge school districts fees for participation in the program”, under s. 115.41, Wis. Stats (the Wisconsin Improvement Plan, also referred to as WIP).

Finally, current law requires that 90 percent of moneys received from the fees established under s. 115.28 (7) (d), Wis. Stats., and 100 percent of the moneys received from the fees established under s. 115.41, Wis. Stats., (WIP) are credited to the appropriation under s. 20.255 (1) (hg), Wis. Stats. This appropriation is the primary source of funding that supports this work.

Licensing History

Prior to the enactment of 2017 Act 59 (the 2017-19 state biennial budget), educator licensing was built on a five-year renewal model for most types of K-12 teaching and administrator licenses. Individuals beginning a career as a K-12 teacher or administrator first would apply for an initial license. Upon successful completion of three years of experience in the license area and the approval of the individual’s professional development plan, the individual could apply for a five-year renewable professional license. A background check was required every five years, along with successful completion of a professional development plan, as part of the license renewal process.

2017 Act 59 replaced the five-year renewable professional license model with a “lifetime” license model. Individuals entering the field for the first time as educator preparation program completers first apply for a Tier II, three-year “provisional” license. Upon successful completion of six semesters of experience in the license area, the individual could apply for a Tier III lifetime license with no expiration date. Lifetime license holders are required to have work experience in education and a background check every five years in order to maintain the lifetime license. For individuals who held a valid license at the time 2017 Act 59 became law, the five-year renewable professional licenses were converted to Tier III lifetime licenses without an expiration date and the five-year nonrenewable initial license was converted to a Tier II three-year provisional license, which is renewable.

LEAD Team Workload

Responsibility for processing license applications lies with the Licensing, Educator Advancement, and Development (LEAD) team. Within a given state fiscal year, the workload of the LEAD team is cyclical, with predictable peaks in workload that correspond to the time of year during which more individuals submit applications for licensure. Applications are heaviest in the first part of a calendar year, particularly in the spring and early summer. The increased volume during this time of year reflects the requirement under PI 34.026 that all licenses, with certain exceptions, must start July 1 of the year of issuance.

The changes to the licensure model under 2017 Act 59 created expectations of a more even workload across years. However, to maintain a lifetime license, the license holder must submit to a background check every five years and be regularly employed in education during that same timeframe. This creates a cyclical workload related to processing background checks, as the largest cohort of lifetime license holders moves through the five-year period and again requires a background check. Table 1, below, shows the number of license applications submitted for processing by calendar year, beginning with 2018 (the first full calendar year with three-year provisional / lifetime licenses model in place). The data for calendar year 2024 reflects the LEAD team's projections based on applications received to date and accounting for the fact that background checks will reach peak volume (five-year cycle) in 2024.

Table 1. License Applications Processed[^]

	2018	2019	2020	2021	2022	2023	2024 - Projected
Processed Applications	22,341	53,072	45,929	42,399	45,471	37,731	58,000

[^] Source: DPI, LEAD team, licensing system. The number of license applications includes figures for background checks conducted for lifetime license holders (i.e., not processed as part of an application for a provisional license or other non-lifetime license types).

The number of licensing applications submitted to the LEAD team varies across years, and as a result, the revenue associated with license application fees changes from year to year. The year-to-year variance is less predictable than in the past, when the five-year renewable professional license model existed (even though there is a five-year cycle associated with background checks under current law). While DPI generates a unique revenue stream from license applications and background checks (as well as the WIP), the governing statutory language is constructed as an annual appropriation. This means that the appropriation under s. 20.255 (1) (hg) amount in the Chapter 20 schedule of state law limits the amount of that revenue that DPI is permitted to expend each fiscal year – even if the revenue exceeds the established expenditure authority¹.

The budget authority is established every two years as part of the state biennial budget process. DPI reviews prior year revenues and expenditures to construct projections for the subsequent two fiscal years as part of its biennial budget request. If those projections underestimate revenues and expenditures, the allowable budget authority within the appropriation will be insufficient. State law requires that for an annual appropriation such as s. 20.255 (1) (hg), DPI must submit a request to the State Budget Office, and the request must receive approval from the legislative Joint Committee on Finance (passive or active), to increase the expenditure authority in order spend available revenue beyond the established appropriation level.

¹ The appropriation under s.20.255 (1) (hg), Wis. Stat. states: “*Personnel licensure, teacher supply, information and analysis and teacher improvement.* The amounts in the schedule to fund licensure administrative costs under s. 115.28 (7) (d) and 118.19 (10), teacher supply, information and analysis costs under s. 115.29 (5), and teacher improvement under s. 115.41. Ninety percent of all moneys received from the licensure of school and public library personnel under s. 115.28 (7) (d), and all moneys received under s. 115.41, shall be credited to this appropriation.”

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Revenue

Table 2 below shows historic operating revenues received in the appropriation s. 20.255 (1) (hg), for FY17 through FY23. Operating revenue is derived primarily from fees charged to individuals applying for K-12 educator licenses. Additionally, individuals are charged a fee to offset the costs of conducting background checks, which must be done for all license applicants, as well as every five years for lifetime license holders. All EPPs and school districts participating in the WIP are assessed fees to support that program (more information on the WIP can be found here: [Wisconsin Internship Program Handbook](#)). The relatively large drop in revenue in FY18 (compared to FY17) reflects the implementation of 2017 Act 59, when renewable three-year and five-year licenses were converted to provisional and lifetime (respectively) licenses, with no application fee paid by the license holders.

Table 2. Revenue History^

Source	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Application/Background Check Fees	\$ 4,615,281	\$ 2,784,093	\$ 4,214,868	\$ 4,833,073	\$ 4,342,939	\$ 4,381,529	\$ 4,354,780
10% Required Lapse	\$ (461,528)	\$ (278,389)	\$ (421,487)	\$ (483,307)	\$ (433,834)	\$ (438,153)	\$ (435,478)
WI Improve Program	\$ 90,900	\$ 95,900	\$ 109,400	\$ 85,800	\$ 106,400	\$ 128,100	\$ 142,900
TOTAL	\$ 4,244,652	\$ 2,601,604	\$ 3,902,781	\$ 4,435,566	\$ 4,015,505	\$ 4,071,476	\$ 4,062,202

^ Source: state accounting system (STAR Finance Module); revenue query for APN 12200 [s. 20.255 (1) (hg)].

Expenditures

Personnel costs (salaries and fringe benefits) comprise the greatest share of expenditures from this appropriation (see Table 3, below). Expenditures for permanent salaries dropped by just over \$400,000, between FY17 and FY18. This decrease in expenditures correlates to the staff reductions imposed with the change to a lifetime licensure model under 2017 Act 59, which reduced authorized permanent positions supported with this revenue source, by 5.0 FTE (from 26 FTE to 21 FTE). The workload for the LEAD Team did not diminish and as a result, the team uses LTE positions to assist with workload. After an initial decrease in FY18, salaries for permanent positions began increasing in FY19 (most years), reflecting normal inflationary forces (i.e., GWAs and/or market adjustments approved by the Legislature, replacing vacant positions at increasing wage rates). The increase in LTE salaries underscores the need for LTE to conduct work.

The number of background checks is anticipated to reach its five-year peak during the current fiscal year. This contributes to higher than typical revenue generated from that activity and translates directly into a heavier workload for the LEAD team, requiring greater dependence on LTE positions to absorb additional workload. Because the payments to service providers for conducting background checks are based on the number of checks conducted, expenditures are directly impacted by the higher-than-normal volume of background checks this year. The LEAD team has held off on further increasing the number of LTE appointments, even in the face of a peak workload year, as a means of reducing expenditures in the appropriation. However, further

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reducing the LTE workforce would compromise the team's ability to process license applications and background checks in a timely manner.

The most recent workload processing data provided by the team shows that the team processes, on average, 900 applications and 900 cases [inquiries] each week. This work is performed by ten of the full-time permanent positions on the LEAD team and seven LTEs (all of whom have additional responsibilities related to answering cases and other related assigned work). The weekly average number of applications and cases is expected to double or triple in volume by June, as individuals seek to submit (or inquire about) their license applications in advance of July 1. Finally, a highly experienced team member recently retired, thereby reducing the team's application processing capacity. Because the retired individual had accumulated paid sabbatical leave through early August (2024), the team has determined to hold off filling that position until the beginning of the upcoming fiscal year (while sabbatical leave is paid out), to reduce pressure on the appropriation.

Regardless of whether the work is performed by permanent or LTE positions, the increased activity drives up costs for labor and vendor/contracted services. The greatest contractual cost is for background checks conducted by Wisconsin Department of Justice (estimated at \$1,035,000 in FY24). Additionally, DPI must pay for services provided by other vendors – e.g., Fieldprint (fingerprints), Elevon (credit card transaction processing fees), and Tyler Tech (maintenance of the Educator Licensing Online system, through which all license applications are processed).

Table 3. Expenditure History[^]

Budget Line	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Salaries - perm positions	\$ 1,758,187	\$ 1,348,002	\$ 1,360,863	\$ 1,409,216	\$ 1,381,401	\$ 1,467,321	\$ 1,642,520
Salaries - LTE positions	\$ 82,441	\$ 91,892	\$ 125,259	\$ 303,724	\$ 377,273	\$ 390,433	\$ 470,844
Fringe Benefits	\$ 631,135	\$ 505,815	\$ 488,053	\$ 531,287	\$ 597,684	\$ 632,702	\$ 713,343
Supplies & Services*	\$ 1,201,300	\$ 959,135	\$ 1,456,775	\$ 1,483,676	\$ 1,257,042	\$ 1,276,196	\$ 1,365,556
TOTAL	\$ 3,673,063	\$ 2,904,844	\$ 3,430,950	\$ 3,727,903	\$ 3,613,400	\$ 3,766,653	\$ 4,192,262

[^] Source: state accounting system (STAR Finance Module); expenditure query for APN 12200 [s. 20.255 (1) (hg)].

* Supplies and Services includes: IT internal support (internal chargeback), contract with vendor for the Educator Licensing Online system, and software; agency fixed costs (rent, telephone, fleet, photocopy, postage, liability insurance, property insurance, worker's compensation insurance, Use Board, procurement assessment, LAB [audit], STAR document processing, and office supplies); association membership/subscriptions; travel.

Cash Balance and Expenditure Authority Limitations

Table 4, below, provides a comprehensive view of total revenue available each year, reflecting both the revenues generated each year and the amount of unexpended revenue that carries forward into the subsequent fiscal year. Revenue collections vary from year to year with the number of license applications processed, the number of background checks conducted, and number of schools participating in the WIP. While the collected revenues are typically sufficient to cover expenditures in that year, expenditures will exceed collected revenue in some years (see FY18 and FY23). This is due to the cyclical nature of some costs (e.g., background checks), and

other costs that arise with less regularity (e.g., the ELO system requires technical fixes and/or change orders to comply with changes in state law). The ability to carry over unused revenue for use in a subsequent year provides the LEAD team with resources to ensure consistency in operations – which ultimately ensures consistency of customer service.

Key points to take away from the data in Table 4:

- Fee revenue generated by license/background check applications varies year to year, though it is also impacted by the five-year cycle of required background checks.
- Fee revenue generated in a particular year may or may not cover expenditures for that year.
- The ability to carryover unused revenue from one year to the next is essential to manage the variance in revenue from year to year while expenditures continue to generally increase (with underlying cyclical influences).
- The expenditure authority amount limits DPI's ability to use its resources for licensing operations, despite actual revenue collections and the increases workload from year to year.

Table 4. Annual Appropriation Summary[^]

AAC Summary Line	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Incoming Cash Balance	\$ 629,830	\$ 1,204,671	\$ 901,679	\$ 1,383,010	\$ 2,063,673	\$ 2,445,277	\$ 2,783,001
Current Year Revenue (CYR)	\$ 4,247,905	\$ 2,601,852	\$ 3,912,281	\$ 4,408,566	\$ 3,995,005	\$ 4,104,376	\$ 4,075,502
Total Available Revenue (TAR)	\$ 4,877,735	\$ 3,806,523	\$ 4,813,960	\$ 5,791,576	\$ 6,058,677	\$ 6,549,653	\$ 6,858,503
Expenditure Authority (EA)*	\$ 3,698,400	\$ 3,439,300	\$ 3,495,500	\$ 3,733,653	\$ 3,657,150	\$ 4,843,950	\$ 4,849,700
Variance: TAR less EA	\$ 1,179,335	\$ 367,223	\$ 1,318,460	\$ 2,057,923	\$ 2,401,527	\$ 1,705,703	\$ 2,008,803
Expenditures**	\$ 3,673,063	\$ 2,904,844	\$ 3,430,950	\$ 3,727,903	\$ 3,613,400	\$ 3,766,653	\$ 4,192,262
EA less Expenditures	\$ 25,337	\$ 534,456	\$ 64,550	\$ 5,750	\$ 43,750	\$ 1,077,297	\$ 657,438
CYR less Expenditures	\$ 574,841	\$ (302,993)	\$ 481,331	\$ 680,663	\$ 381,605	\$ 337,724	\$ (116,760)
TAR less Expenditures (Ending Cash Balance)	\$ 1,204,671	\$ 901,679	\$ 1,383,010	\$ 2,063,673	\$ 2,445,277	\$ 2,783,001	\$ 2,666,241

[^] Source: state accounting system (STAR Finance Module); verified Annual Appropriation Certification statements for APN 12200 [s. 20.255 (1) (hg)].

* Appropriation reflects chapter 20 amounts plus prior year encumbrances; it does not include additional expenditure authority granted as part of the year end program supplement process (e.g., for general wage adjustment [GWA]).

**The revenue figures in Table 4 (STAR, AAC) vary compared to Table 2 (STAR, revenue queries), because the AAC uses collected revenue, while the STAR revenue account data does not make an adjustment for open accounts receivable.

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Request for Additional Expenditure Authority for FY24

The challenge DPI faces is that FY24 expenditure authority (\$4,875,000) is less than projected expenditures. Despite having sufficient revenue to cover projected FY24 expenditures, the LEAD team is prohibited from spending more than the FY24 appropriation amount². See Table 5.

Table 5. FY24 Revenue, Expenditure Authority, and Expenditures (Projected)

	FY24
Beginning Cash Balance	\$ 2,666,300
Revenue (projected)	\$ 4,613,500
Total Available Revenue (projected)	\$ 7,279,800
Expenditure Authority [s.20.255(1)(hg)]	
	\$ 4,875,000
Expenditures (projected)	
Salaries - permanent positions*	\$ 1,914,200
Salaries - LTE positions	\$ 557,000
Fringe Benefits*	\$ 832,500
Fixed Costs	\$ 185,300
IT Technology Fee (internal chargeback)	\$ 277,600
Contracted Services (DOJ, Tyler Tech, Fieldprint, etc.)	\$ 1,496,800
Other Supplies & Services*	\$ 18,900
Total Expenditures (projected)	\$ 5,282,300
Anticipated Expenditure Authority Increases [^] <i>(for pay play supplement for FY24 GWA & 27th pay period; FY25-unknown)</i>	\$ 261,700
Expenditure Authority with Pay Plan Supplement	\$ 5,136,700
Total Available Revenue less Expenditures	\$ 1,997,500
Expenditure Authority less Expenditures	\$ (145,600)

*Projected salary and fringe benefit costs reflect the 4% GWA awarded to state employees in FY24 and the cost of a 27th pay period that impacts FY24 expenditures.

[^]Pay plan supplement amounts will be finalized at the end of FY24.

As demonstrated in the table above, the beginning cash balance (unused prior-year revenue, combined with projected revenue collected during FY24, are more than sufficient to cover the projected FY24 expenditures; FY24 expenditure authority for the appropriation, however, is not. As noted previously, DPI includes a request to adjust expenditure authority for this appropriation every two years as part of the state biennial budget process. The current chapter 20 appropriation

² DPI will be eligible for an increase in expenditure authority in this appropriation for salary and fringe benefit costs arising from the four percent GWA provided to state employees in FY24 and the extra (27th) pay period in FY24. Those supplemental increase are not projected to cover total FY24 expenditures from the appropriation.

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for FY24 and FY25 are based on reestimates assembled for the budget request that was submitted in September 2023.

Ideally, this appropriation would be constructed as a continuing appropriation (“All moneys received from ...”), which would allow DPI to increase expenditure authority for the appropriation as needed to access existing revenue that exceed the appropriation level³. A continuing appropriation would provide DPI the flexibility to cover operational costs that are cyclical or that fluctuate from year to year with available revenue. However, this change can be accomplished only by modifying statutory language via legislation. While DPI has requested this change in prior biennial budget requests, the Legislature has not supported it. In the absence of statutory changes, the only mechanism to increase the expenditure authority in this appropriation is via the statutory process for requesting an increase, under s. 16.515, Wis. Stats. Hence, this request.

If the expenditure authority for the appropriation under s. 20.255 (1) (hg) is not increased for FY24, the two choices facing DPI are: 1) reduce expenditures by stringently reducing the LTE workforce during peak volume of incoming applications, which will severely compromise the team’s ability to process applications on a timely basis; or 2) move expenditures to the department’s GPR appropriation under s. 20.255 (1) (a), for general program operations. While GPR is an allowable fund source for the work of the LEAD team, any additional unplanned expenditures (such as moving expenditures from a different appropriation) would negatively impact the GPR available for DPI’s operations.

DPI therefore requests that the expenditure authority for the appropriation under s. 20.255 (1) (hg), [APN 12200] be increased by \$150,000 for FY24.

Note: the requested amount assumes DPI will receive increases in expenditure authority related to year-end program supplements (\$261,700). If approved program supplements provide a lesser amount, or no additional expenditure authority, DPI requests approval to increase the expenditure authority in the appropriation under s. 20.255 (1) (hg), [APN 12200] up to the anticipated FY24 expenditure level (\$5,282,300).

If you have any questions related to this request, please contact me at Erin.Fath@dpi.wi.gov or at 608-266-2804.

cc: John Johnson, PhD, Deputy State Superintendent
Tricia Collins, Assistant State Superintendent – Division for Finance and Management
Jennifer Kammerud, Director – Licensing, Educator Advancement, and Development

³ While the chapter 20 schedule shows a “C” (for continuing) as the appropriation type, the chapter 20 statutory language reads “The amounts in the schedule to ...” – which denotes an annual appropriation type. The presence of “C” in the chapter 20 schedule is likely a holdover from when DPI requested (and Governor Evers proposed) changing this appropriation to be continuing. The Legislature did not accept that proposal. While the chapter 20 language reflects an annual appropriation type, the appropriation type designation within the state budget system was not updated at the end of the 2023-25 budget process to reflect the legislative decision to deny that request.