



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #115

Modify TEACH Program and Transfer Federal Funds (Administration -- Information Technology)

[LFB 2017-19 Budget Summary: Page 44, #2]

CURRENT LAW

The Department of Administration (DOA) is responsible for administering the educational telecommunications access program, also known as Technology for Educational Achievement (TEACH), which serves eligible educational entities by: (a) providing access to the Internet and two-way interactive video services through rate discounts and subsidized installation of data lines and video links; (b) providing information technology (IT) infrastructure grants; and (c) providing grants for training teachers on the use of educational technology. The program is funded from five appropriations funded from the state segregated Universal Service Fund (USF) which are established according to the type of educational entity served: school districts; private and technical colleges and libraries; private schools; state schools for the blind and visually impaired and deaf and hard of hearing; and juvenile correctional facilities. Under 2015 Wisconsin Act 55, the program was expanded to provide grants to rural schools for IT infrastructure during the 2015-17 biennium (with a sunset date of June 30, 2017), as well as ongoing grants to consortia of three or more rural school districts for training teachers on the use of educational technology. To qualify for either of the grant programs, membership in the previous school year divided by the school district's area in square miles must be 13 or less. In 2016-17, up to \$7.5 million may be provided for infrastructure grants and \$1.5 million is budgeted for teacher training grants. Funding for the USF is derived from assessments by the Public Service Commission (PSC) on companies that provide retail intrastate voice telecommunications services.

Additionally, the federal e-rate appropriation under DOA, which receives federal aid as reimbursement for a percentage of eligible telecommunications expenses for schools and libraries, is used to: (a) make payments on behalf of TEACH customers to telecommunications

providers that are not covered by USF moneys; (b) pay administrative expenses relating to receipt and disbursement of e-rate revenue; and (c) pay down remaining debt from expenses prior to 2003-04 to finance educational technology infrastructure.

GOVERNOR

Provide \$7.5 million SEG in 2017-18 from the USF to DOA's appropriation for telecommunications access to school districts and teacher training grants. Base funding is \$10,105,100 SEG annually. Rename the appropriation to "telecommunications access for educational agencies, infrastructure grants, and teacher training grants." Extend the July 1, 2017, sunset date for the IT infrastructure grant program to July 1, 2019. Authorize DOA to provide up to \$15,000,000 in 2017-18 and \$7,500,000 in 2018-19 for IT infrastructure grants. Specify that a school district would be eligible for IT infrastructure grants if school district membership in the previous school year divided by the school district's area in square miles is: (a) 26 or less for 2017-18 grants; and (b) 13 or less for 2018-19 grants. Further, specify that IT infrastructure includes a portable device that creates an area of wireless internet coverage (commonly known as a "hotspot") and that grant funding could be used for: purchasing and installing such devices on buses; and purchasing such devices for individuals to borrow from schools. Other elements of the IT infrastructure grant program would remain unchanged, including a requirement that DOA give priority to applications from school districts with greater percentages of low-income students.

Repeal the following USF appropriations under DOA and transfer expenditure authority, totaling \$5,879,100 SEG annually, to the renamed appropriation for educational agencies, infrastructure grants, and teacher training grants: (a) telecommunications access for private and technical colleges and libraries (-\$5,016,000 SEG annually); (b) telecommunications access for private schools (-\$694,300 SEG annually); (c) telecommunications access for state schools for the blind and visually impaired and deaf and hard of hearing (-\$82,500 SEG annually); and (d) telecommunications access for juvenile correctional facilities (-\$86,300 SEG annually). Expenditures would still be authorized for each repealed appropriation's purpose, but would be consolidated into a single appropriation. Specify that at the end of each biennium, any unencumbered balance in the combined appropriation would be transferred to the PSC appropriation for broadband expansion grants. The Budget in Brief indicates that the consolidation of appropriations is intended "to assure funds are fully utilized."

DISCUSSION POINTS

1. The Joint Committee on Finance held an executive session on 2017 Senate Bill 49 (SB 49) on March 27, 2017, and an executive session on Assembly Bill 123 (AB 123) on April 24, 2017, and recommended both bills for passage. Those bills are similar to the provisions modifying the TEACH program that are included in the Governor's budget recommendations. At the Committee's executive sessions, analyses of SB 49 and AB 123 prepared by this office noted the similarities and differences between the two proposals and the Governor's recommended budget. The Senate passed SB 49, as amended by Senate Amendments 1 and 13, on a vote of 33 to 0. The

Assembly passed AB 123, as amended by Assembly Amendment 1, on a vote of 98 to 0. This paper is presented to the Committee for the purpose of reconciling the biennial budget bill with the provisions included in SB 49 and AB 123.

2. There are two primary differences between the Governor's recommendations and the provisions of SB 49/AB 123. First, under the budget bill, eligibility for IT infrastructure grants would be increased to 26 pupils per square mile in 2017-18 and maintained at 13 pupils per square mile in 2018-19 (current law specifies 13 pupils per square mile). Eligibility would be 16 pupils per square mile in each year of the biennium under SB 49/AB 123. Second, the budget bill specifies that IT infrastructure includes a portable device that creates a mobile hotspot and that grant funding could be used for purchasing and installing such devices on buses, and purchasing such devices for individuals to borrow from schools. While SB 49/AB 123 did not specify that IT infrastructure be defined to include a device that creates a mobile hotspot, it could be argued that subsidization of Internet access is a primary focus of the TEACH program and that a device used to create wireless internet coverage could be considered a type of IT infrastructure. The Committee could choose to approve the Governor's recommendations, including eligibility and mobile hotspot provisions that would differ from SB 49/AB 123. [Alternative 1]

3. Based on membership data in 2016, it is estimated that the following number of school districts would be eligible under each sparsity measure: (a) 13 pupils per square mile, 259 school districts (current law); (b) 16 pupils per square mile, 278 school districts (SB 49/AB 123 if a membership enrollment cap were not applied); and (c) 26 pupils per square mile, 317 school districts (budget bill in 2017-18 only). If the Committee wishes to modify eligibility criteria such that school districts would be eligible if membership were 16 pupils per square mile or less in each year, rather than 26 pupils per square mile in 2017-18 and 13 pupils per square mile in 2018-19, it could choose to modify this budget bill provision. [Alternative 2]

4. Finally, the Committee could choose to delete all TEACH program modifications included in the budget bill. Under this alternative, the consolidation of TEACH appropriations, transfer of e-rate moneys, modification to expenditure authority, and extension of the IT infrastructure program would be deleted. [Alternative 3] Any changes included under either SB 49 or AB 123 would be enacted into law if adopted by the Legislature.

ALTERNATIVES

1. Approve the Governor's recommendations to: (a) consolidate TEACH appropriations; (b) provide a one-time transfer of \$7.5 million FED from e-rate to the USF in 2017-18 and increase expenditure authority for the TEACH appropriation by \$7.5 million SEG in 2017-18; (c) extend the IT infrastructure grant program to July 1, 2019; (d) specify eligibility for IT infrastructure grants would be 26 pupils per square mile in 2017-18 and 13 pupils per square mile in 2018-19; (e) change the amount a district could receive for IT infrastructure grants in 2017-18; and (f) specify that IT infrastructure includes devices that create a mobile hotspot and that grant funding could be used for purchasing and installing such devices on buses, and purchasing such devices for individuals to borrow from schools.

ALT 1	Change to	
	Base	Bill
SEG	\$7,500,000	\$0
SEG-REV	\$7,500,000	\$0

2. Modify the provision to specify that eligibility for IT infrastructure grants be 16 pupils per square mile or less (would apply in both years of the biennium).

3. Delete provisions (maintain current law).

ALT 3	Change to	
	Base	Bill
SEG	\$0	-\$7,500,000
SEG-REV	\$0	-\$7,500,000

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