



## Legislative Fiscal Bureau

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June 8, 2023

Joint Committee on Finance

Paper #147

### Technology for Educational Achievement Program Changes (Administration – Information Technology)

[LFB 2023-25 Budget Summary: Page 41, #3]

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#### CURRENT LAW

The Technology for Educational Achievement (TEACH) program, administered by the Department of Administration (DOA), provides eligible entities access to the Internet through rate discounts and subsidized installation of data lines. Eligible entities include public school districts, private schools, cooperative educational service agencies (CESAs), technical college districts, charter school sponsors, juvenile correctional facilities, private and tribal colleges, public museums, and public libraries.

Under current law, program participants may make monthly payments of \$100 for Internet service covering bandwidth of less than 1 gigabit per second, and \$250 for bandwidth of 1 gigabit or more per second (up to 10 gigabits). Payments are deposited to the state universal service fund (USF). Payment for the cost to provide the service is made by DOA to the vendor in accordance with rates determined under the state contract. For a service request requiring fiber construction to a site, one-time installation costs are evaluated on a case-by-case basis and may be subsidized by the TEACH program based on need and available funding.

State funding for the TEACH program is provided through the segregated USF, which is primarily funded by assessments on annual gross operating revenues from intrastate telecommunications providers. If funding from the USF is insufficient to support the TEACH program, federal e-rate reimbursement monies may be utilized, to the extent revenue is available.

#### DISCUSSION POINTS

1. In 2021-22, the TEACH program expended \$13,645,100 SEG for eligible entities,

including subsidized Internet access for 273 public school sites. In 2023-23, the program is allocated \$15,984,200 SEG.

2. Under 2023 Assembly Bill 43/Senate Bill 70, a biennial GPR appropriation would be created to make payments to telecommunications providers under the TEACH program and \$1,553,100 GPR in 2023-24 and \$1,831,900 in 2024-25 would be provided to the appropriation. The bill would reduce funding from the state segregated universal service fund for the TEACH program by \$5,254,000 SEG in 2023-24 and \$5,532,800 SEG in 2024-25 to offset USF appropriation increases under the Department of Public Instruction (DPI). As modified by the errata submitted by DOA on April 27, 2023, the bill would provide DPI increased funding from the USF totaling \$10,786,800 SEG over the 2023-25 biennium. Additionally, the bill would amend the statutes to remove language relating to the information technology infrastructure grant program, which ended on June 30, 2021.

3. The SEG funding offset by reductions to the TEACH appropriation would be directed instead to four DPI purposes, including: (a) public library aid (\$5 million annually); (b) recollection Wisconsin, a new appropriation (\$150,000 in 2023-24 and \$300,000 in 2024-25); (c) library services contracts (\$29,800 in 2024-25); and (d) BadgerLink (\$104,000 in 2023-24 and \$203,000 in 2024-25). The proposed funding for DPI will be addressed at a subsequent executive session of the Committee, at which time SEG funding for the TEACH appropriation could be further reduced and instead funded from a newly created GPR appropriation under DOA.

4. The Department indicates that, accounting for the GPR funding that would be provided for the TEACH program, the net reduction of SEG funding for the program (\$3,700,900 SEG annually) would not impact service to participating school districts and institutions, and that projected expenditures for the program in the 2023-25 biennium would be adequately funded by the combination of GPR funding and segregated universal service fund amounts. The TEACH program is anticipated to underspend \$3,700,900 in 2023-24 compared to the appropriated amount of \$15,984,200, according to a financial statement prepared by the Department in November, 2022. The recent reduction in expenditures is due to the IT infrastructure grant program under TEACH ending on June 30, 2021. Under the bill, funding for the program from the remaining SEG appropriation and newly-created GPR appropriation would total \$12,283,300 annually, equal to the amount of annual expenditures projected by DOA for the 2023-25 biennium. The Department indicates that, if expenditures exceed program need, federal e-rate reimbursement may be a potential source of funding. While the e-rate appropriation had a closing balance of -\$4,050,800 FED on June 30, 2022, DOA expects the appropriation to receive sufficient federal e-rate reimbursement funds to enable the account to return to a positive financial position by the end of 2023-24. The receipt of e-rate reimbursement funds is subject to federal review and approval.

5. Given that a GPR funding source for the TEACH program would allow SEG funding previously expended for the TEACH program to offset USF appropriation increases under DPI, the Committee could choose to create a GPR appropriation for the TEACH program and provide \$1,553,100 GPR in 2023-24 and \$1,831,900 GPR in 2024-25, and reduce funding from the USF for the TEACH program by \$5,254,000 SEG in 2023-24 and \$5,532,800 SEG in 2024-25. [Alternative A1]

6. On the other hand, the Committee has not yet made a determination with regard to

proposed USF funding for DPI programs. As such, the Committee could choose to reduce the TEACH appropriation by the net reduction amounts under the bill at this time, \$3,700,900 SEG annually, and address the DPI provisions at a later date. [Alternative A2] Under this alternative, remaining funding of \$12,283,300 SEG annually is anticipated to adequately fund the program.

7. Alternatively, the Committee could take no action. [Alternative A3] The TEACH program would function and be funded as it is under current law. If funding for the appropriation is not fully expended, the unexpended portion will remain in the balance of the USF.

8. With regard to obsolete statutory language, given that the IT infrastructure grant program under TEACH ended on June 30, 2021, the Committee could choose to remove language relating to the program. [Alternative B1]

9. If the Committee takes no action to remove the IT infrastructure grant program language from statute, unless the statutes are amended to reauthorize the program, the program will remain inactive. [Alternative B2]

**ALTERNATIVES**

**A. Program Funding**

1. Create a biennial GPR appropriation to make payments to telecommunications providers under the telecommunications access for educational agencies (TEACH) program and provide \$1,553,100 GPR in 2023-24 and \$1,831,900 in 2024-25. Reduce funding from the state segregated universal service fund for the TEACH program by \$5,254,000 SEG in 2023-24 and \$5,532,800 SEG in 2024-25.

ALT A1	Change to Base
GPR	\$3,385,000
<u>SEG</u>	<u>- 10,786,800</u>
Total	- \$7,401,800

2. Reduce funding from the state segregated universal service fund for the TEACH program by \$3,700,900 SEG annually.

ALT A2	Change to Base
SEG	- \$7,401,800

3. Take no action.

**B. Information Technology Infrastructure Program**

1. Amend the statutes to remove language relating to the information technology

infrastructure grant program.

2. Take no action.

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