Private School Choice Programs
Fiscal Management Training

Expense Overview & Salary Expenses Schedule 3-1

School Finance Auditors
Parental Education Options
2023-24 School Year

Welcome to the Wisconsin Department of Public Instruction's training module for the Private School Choice Programs. We will refer to the Private School Choice Programs as "Choice" or "Choice program" throughout this training.

The Choice program is governed by Wis. Stat. §§ 119.23 and 118.60, as well as Wis. Admin. Codes ch. PI 35 and 48. This training is based on the requirements in these statutes and rules. Provisions of this training module are subject to statutory and rule changes.

This section of the training will explain the general expenses requirements and how to complete Schedule 3-1.

Completion of Budget Excel Document

- This training will explain how to input information into the budget and cash flow report (budget) Excel document.
- You must enter this information into your Excel document unless otherwise noted.
- Please pause the training if you need additional time to review the example or check your Excel document.
- In order to receive credit for having participated in this training, which is required for all Choice administrators, you will be required to upload the completed budget Excel document into the training quiz.

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This training will explain how to input information into the budget and cash flow report Excel document. We will refer to the budget and cash flow report as the budget throughout this training. You must enter this information into your Excel document unless otherwise noted. Please pause the training if you need additional time to review the example or check your Excel document.

As a reminder, in order to receive credit for having participated in this training, you will be required to upload the completed budget Excel document in the quiz you complete after all the trainings are done. The budget that is uploaded into the quiz must include all of the examples for Holy Love that are provided in each of the trainings. Completion of this training is required for all Choice administrators of new schools to the Choice Program.

If you have any questions as you complete this training, please note them. The department is providing live virtual Q&A sessions. The webpage where this presentation was available has information on these sessions and a copy of the PowerPoint slides with the notes. You can ask questions on any of the trainings by emailing us at dpichoiceauditreports@dpi.wi.gov.

Expenses for the Legal Entity

- All expenses for the legal entity must be included in the budget.
- For example, the expenses for a church and school sharing the same Federal Tax ID Number (the same legal entity) must be included in the budget.
- The budget Excel file will require identification of expenses and the portion of an expense that is an eligible education expense.

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As we are working on the expenses for the budget, keep in mind that all of the expenses for the legal entity of the school must be included.

For example, if the school and church are part of the same legal entity, then all the expenses for church and school must be included in the budget.

Also, the budget file will require identification of expenses and the portion of that expense that is an eligible education expense.

Eligible Education Expenses

Eligible education expenses are all direct and indirect costs associated with a school's educational programming for pupils enrolled in kindergarten through 12th grade that are reasonable for the private school to achieve its educational purposes as determined by the school's written policy and tested by an independent auditor.

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So what are eligible education expenses?

Eligible education expenses are all direct and indirect costs associated with a school's educational programming for students enrolled in K through 12th grade.

In addition, the expenses must be reasonable for the private school to achieve its educational purposes.

The school must develop a written policy indicating what costs are eligible education expenses. Then, the school's auditor will determine whether these eligible education expenses meet the Choice Program requirements.

Eligible Education Expenses

- In order to include an expense as an eligible education expense, the expense must be included in the Statement of Activities (similar to an income statement), except for the cost of land.
- In order to include something as an eligible education expense, it must relate to a cash disbursement (either in the past, present or projected for the future).
- If a previously included eligible education expense is forgiven or it is determined it was not an appropriate expense, the current year eligible education expenses are reduced (adjusted) by that amount.

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In order for a school's expense to be an eligible education expense, the expense must be included in the statement of activities, except for the cost of land.

Not for profit financial statements require a statement of activities. The statement of activities includes the revenues and expenses of the organization. This statement is similar to the income statement utilized by for profit entities.

Additionally, in order to include something as an eligible education expense, it must relate to a cash disbursement (either now or projected in the future).

If a prior year eligible education expense is later determined to not be eligible or was forgiven; the current year eligible education expenses are reduced by that amount.

Non-Eligible Expenses

- Non-eligible expenses included expenses that do not relate to K4-12 educational programming such as:
  - Daycare Expenses
  - Church Expenses
  - Expenses for partnership or contract pupils
  - Contributed capital assets
  - Contributed items other than fixed assets
  - Bad debt
  - Scholarship awards and financial support for pupils

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Non-eligible expenses include any expense that does not relate to K4-12 educational programming based on the school's eligible education expense policy. For example, the expense for daycare or for church expenses would not be eligible for the Choice program.

Additionally, if the school received revenue from a school district for providing a particular grade for the school district, the expenses for the students enrolled in the public school district are not eligible education expenses. The most common example is when a private school provides K4 for a public school district. These K4 students would also be excluded from the all pupil count.

Contributed items, or items that the school does not expend cash for, are also a non-eligible education expense. An example of a contributed item that is a capital asset would be donated school desks and chairs. A contributed item that is not a fixed asset would be a lawyer donating their time to a school.

Bad debt expense is the expense for revenue that was originally recorded that the school no longer expects to receive. For example, if the school determined that they would not collect tuition from a non-choice pupil, the school would record a bad debt expense for the tuition amount they did not receive. Lastly, scholarship awards and financial support for pupils would not be an eligible education expense. The reason for this is that the cost for these students is already included in the educational programming costs.

Eligible Education Expense Policy Requirements

- Written policy that is approved by the school's governing board.
- Describes the school's educational purpose.
- Describes the services related to educational programming that the school provides to pupils enrolled in kindergarten through 12th grade that are reasonable for the private school to achieve its educational purpose.
- Identifies any allocation methods that will be used, if applicable.

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The governing body or board of each school participating in the Choice Program must develop a written eligible education expense policy. The eligible education expense policy must contain the following items.

Be a written policy that is approved by the school's governing board, describe the school's educational purpose, and describe the services related to educational programming that the school provides to pupils enrolled in K through 12th grade that are reasonable for the private school to achieve its educational purpose.

Finally, if the school has expenses or offsetting revenues that are partially related to educational programming and partially related to non-educational programming, then the policy must describe the allocation method(s) that the school will use.

Related Services Examples

- Management/administrative
- Extracurricular programming and activities
- Development (fundraising) expenses
- Before and after school care for K-12 pupils
- Transportation
- Food service

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Some examples of related services that a school may choose to identify as being related to educational programming in their policy are management or administration, extracurricular activities, development expenses, before and/or after school care for pupils in grades K through 12, transportation, and food service.

Development expenses are expenses the school incurs to raise funds for the school.

Before and after school care costs may only be included as an eligible expense if the care is provided during the school year or during summer school for pupils that are enrolled in K-12 educational programming. Costs for daycare would not be a related service that could be included as an eligible education expense.

Additionally, the school should determine if there are any other services it provides related to K-12th grade educational programming that it would like to include in its' eligible education expense policy.

Expense & Revenue Allocation Examples

If an expense or revenue is partially related to educational programming and partially not related to educational programming, the expense/revenue must be allocated using an allocation method.

Some examples include:

- Parish & school operations
- Day care & school operations
- Central administration for two or more schools
- Transportation provided to the school's pupils and other schools' pupils (shared transportation).

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Continuing with allocation methods, when a school's expense or revenue relates to both educational programming and non-educational programming, the expense and revenue must be allocated using an allocation method.

An allocation will generally be required if the school has non-educational programing operations, such as daycare or church operations since any general administrative or building expenses would need to be allocated between educational programming and other uses.

It would also be required if the school's legal entity provides central administration for multiple schools.

One final example where an allocation would be required is if the school provides transportation for its students and another school's students.

Expense & Revenue Allocation

- The school must first determine the eligible education expenses for all students at the school.
- Do not allocate for Choice versus Non-Choice pupil expenses. This is done automatically for schools in another schedule.
- The school must determine what allocation methods will be used.
- The allocation methods must then be documented in the school's written eligible expense policy.

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The school must first determine the eligible education expenses for all students at the school.

It is important to remember that a school should not use an allocation to determine the Choice portion of the expenses. Instead, all eligible education expenses for pupils enrolled in K4-12th grade at the private school should be included, whether the expenses relate to Choice or Non-Choice pupils.

The school should determine what allocation method(s) it will use for things like debt, expenses, and offsetting revenues, if they relate to educational programming and something else. When a school uses an allocation method, the school must document the method in its written eligible education expense policy.

Potential Allocation Methods

- Square footage or square footage used over time for items such as utility costs.
- Time spent by an employee who performs work on eligible vs non-eligible job tasks.
- Pupil full time equivalency (FTE) or headcount
- Employee full time equivalency (FTE) or headcount
- Number of transactions for allocating items such as accounting costs.
- Miles driven or driver hours for items such as transportation costs.

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This slide illustrates some examples of allocation methods.

The methods are: square footage or square footage used over time for items such as utility costs, time spent by employees performing work on eligible vs. non-eligible job tasks, pupil full time equivalency or headcount, employee full time equivalency or headcount, number of transactions for allocating items such as accounting expenses, miles driven or driver hours for items such as transportation expenses.

Continuing, when determining what allocation method should be used, the school should determine what is appropriate based on what is being allocated. For example, if the school is allocating utility expenses, the square footage being used for educational programming compared to non-educational programming would be a good option for allocating utility expenses.

Accrual Basis of Accounting

The budget and financial audit must be prepared using the accrual basis of accounting.

- Revenues are included when they are earned.
- Expenses are included as an expense in the period they relate.
- Revenues and expenses are not necessarily included when the cash is received or paid.

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The budget and the financial audit must be prepared using the accrual basis of accounting.

The accrual basis means that revenues are included when they are earned and expenses are included as an expense in the period the expense relates to rather than revenues and expenses being included when the cash is received or paid.

For example, if the school owes utilities for the month of June, but doesn't pay for the utilities until August, the school should reflect a payable for the utilities in the month of June.

Accrual Basis of Accounting

- **Expenses**:
  - Prepaid expenses are amounts that are paid but are related to a future time period.
  - Accounts Payable balances represent amounts that were owed for (relate to) the school year that have not yet been paid.
- **Revenues**:
  - Deferred revenues are amounts that are received but are related to a future time period.
  - Accounts receivable balances represent amounts owed to the school that were earned during the school year and have not yet been received.

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Some additional information on the accrual basis of accounting.

Prepaid expenses are amounts that are paid but are related to a future time period. An example of a prepaid expense is a lease or insurance payment which is paid in advance of the time period covered.

Accounts payable balances represent amounts that were owed for the school year that have not yet been paid. An example of an account payable balance are utilities paid a month after the service is provided.

Deferred revenues are amounts that are received but are related to a future time period. A parent prepaying their child's tuition is a deferred revenue.

Accounts receivable balances represent amounts owed to the school that have not yet been received. An example of this would be a donor pledging to give future donations to the school.

Activity – Determine the Correct Classification

Example	Classification
The school participated in the school nutrition program and was owed $5,000 for the June 2023 meals served but did not receive the payment until August 2023.	
The school had a landscaping business perform work in June 2023 but did not pay for the work until August 2023.	
The school pays for the July 2023 rent in June 2023.	
The school receives tuition for the 2023-24 school year in May 2023.	

Classification Options

Expense:
- Prepaid Expense
- Accounts Payable

Revenue:
- Deferred Revenue
- Accounts Receivable

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This slide is asking us to identify each of the items in the description column as an expense or revenue and then determine if it is a prepaid expense, accounts payable, deferred revenue, or accounts receivable. As a reminder, the fiscal year is from July 1st to June 30th. The 22-23 fiscal year is from July 1, 2022 to June 30, 2023 and the 23-24 fiscal year is from July 1, 2023 to June 30, 2024.

Please pause the video and take a few minutes to read and answer these questions. We will then review them.

The 1st example is a revenue because it is money owed to the school for serving meals during the 22-23 school year. However, the school expects to receive the payment in August 2023, which is during the 23-24 school year, so it is an accounts receivable.

The 2nd description is an expense because it is money the school owes to the landscaping business. The school has incurred the expense in the 22-23 school year and expects to pay for the work during the 23-24 school year, so it is an accounts payable as of June 30, 2023.

The 3rd description is an expense for paying the school's rent. The school paid its July rent, which is rent for the 23-24 school year, during the 22-23 school year, so it is a prepaid expense.

The 4th description is a revenue because it is a tuition payment. Since, the school received the 23-24 tuition during the 22-23 school year, so it is a deferred revenue.

Schedule 3-1: Salaries & Related Expenses

STAFFING INFORMATION

Identify the total headcount (HC) and teaching FTE (full time equivalent) for each category. Also identify the earliest month of hire for each position. Existing schools should put the month of hire as the first month the employees will work in the school year. Then, insert the total salaries that will be paid for each position category.

Line	A Position Categories	B Total HC	C Teaching FTE	D Month of Hire	E Salaries	F Average Salaries
1	Administrative Staff					-
2	K-12 Before & After School Care Only Staff					-
3	Classroom Teachers					-
4	Classroom Teacher Aides					-
5	Maintenance Employees					-
6	Food Service Employees					-
7	Transportation Employees					-
8	SNSP Only Employees					-
9	Church Employees					-
10	Daycare/Preschool Employees					-
11	Other Employees					-
12	TOTAL	-	-		-	
	Explain below what employees are included in Other Employees (Line 11).					
13						

- If any employees are included on Line 11, then Line 13 must be completed explaining their position or an error will be triggered in the error report.
- Indicate the total number of individuals in each category in the Total HC (headcount) column.

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This will be an overview of the tab labeled Schedule 3-1 in Excel. All tabs that start with the number 3 are related to expenses in the budget. The tabs are 3-1, 3-2, and 3-3.

Please pause the video, locate the tab, and take a moment to look over the whole schedule. Please notice there is a top section labeled staffing information and a bottom section labeled expenses and cash flows.

We will first cover the staffing information section.

As mentioned earlier, the yellow colored cells are where a school inputs their information. The white colored cells are automatically calculated in the budget. You will first enter the number of staff in column B for each applicable job description on lines 1-11. If an individual has a job that is not covered by lines 1-10, please use line 11 labeled Other Employees. When using line 11, the school must describe the position in line 13 or an error will be triggered in the Error report. For example, generally substitute teachers will be included on line 11. You would then indicate “substitute teachers” on line 13.

Please note that the number inserted into column B is the total count of individuals in a category. Even if a person is part time, they should be included as 1 in this column. So, if the administrative staff line includes the full time principal and two part time secretaries, 3 would be inserted in column B for administrative staff.

Schedule 3-1: Salaries & Related Expenses

Line	A Position Categories	B Total HC
1	Administrative Staff	
2	K-12 Before & After School Care Only Staff	
3	Classroom Teachers	
4	Classroom Teacher Aides	
5	Maintenance Employees	
6	Food Service Employees	
7	Transportation Employees	
8	SNSP Only Employees	
9	Church Employees	
10	Daycare/Preschool Employees	
11	Other Employees	
12	**TOTAL**	-

- Each staff person should only be included on one line. If a person works in more than one area, the person should be included on the line that is most applicable to them.

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Each staff person should only be included in 1 line. If a person works in more than one area, the person should generally be included on the line that is most applicable to them. For example, if an individual is a teacher aide who helps with general teaching during the day and also helps with the before and after school care, they should be included on line 4. If a principal for the school teaches, that individual can either be included on the administrative staff line or the classroom teachers line. The principal headcount and salary should not be split between the administrative staff and classroom teachers line.

If an individual teaches 3 and 4 year olds, what line they are included in will depend on whether the class is considered educational programming. If the program provided for both ages is not considered educational programming, that individual should go on line 10. If the program provided for the 4 year olds is considered educational programming, the individual should go on line 3. Please note that even if K3 is considered educational programming, the school will not be able to receive a Choice payment for those students because they do not meet the age requirements. If the 3 year old program is considered daycare rather than educational programming, the school cannot have the 3 and 4 year old students in the classroom at the same time. If K4 is an available Choice grade or a grade offered at the school, the 4 year old program would be considered educational programming.

Schedule 3-1: Salaries & Related Expenses

- Ensure you select the month of hire.

SCHEDULE 3-1: SALARIES & RELATED EXPENSES

		STAFFING INFORMATION						
Line	A Position Categories	B Total HC	C Teaching FTE	D Month of Hire	E Salaries	F Average Salaries	If average salaries is less than $20,000, an explanation is required on Sch 11:	Month of Hire Completed
1	Administrative Staff					-	NO	OK
2	K-12 Before & After School Care Only Staff					-	NO	OK
3	Classroom Teachers					-	NO	OK
4	Classroom Teacher Aides					-	NO	OK
5	Maintenance Employees					-	NO	OK
6	Food Service Employees					-	NO	OK
7	Transportation Employees					-	NO	OK
8	SNSP Only Employees					-	NO	OK
9	Church Employees					-	NO	OK
10	Daycare/Preschool Employees					-	NO	OK
11	Other Employees					-	NO	OK
12	TOTAL	-	-		-		0	0
	Explain below what employees are included in Other Employees (Line 11).							
13								

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Next, in column D, the school must select the month and year the employees were hired.

This is the month that a continuing or new employee will start working at the school for the 23-24 school year, which begins on July 1, 2023.

So, if a teacher starts working in August, the month of hire would be August 2023.

If the school has year round employees that will be hired in advance of July 1, 2023, the month of hire would be July 1, 2023 because this is the start of the new school year.

Lastly, we will discuss column C or teaching FTE in a later slide.

Schedule 3-1: Salaries & Related Expenses

STAFFING INFORMATION

Identify the total headcount (HC) and teaching FTE (full time equivalent) for each category. Also identify the earliest month of hire for each position. Existing schools should put the month of hire as the first month the employees will work in the school year. Then, insert the total salaries that will be paid for each position category.

Line	A Position Categories	B Total HC	C Teaching FTE	D Month of Hire	E Salaries	F Average Salaries
1	Administrative Staff					-
2	K-12 Before & After School Care Only Staff					-
3	Classroom Teachers					-
4	Classroom Teacher Aides					-
5	Maintenance Employees					-
6	Food Service Employees					-
7	Transportation Employees					-
8	SNSP Only Employees					-
9	Church Employees					-
10	Daycare/Preschool Employees					-
11	Other Employees					-
12	**TOTAL**	-	-		-	
	Explain below what employees are included in Other Employees (Line 11).					
13						

ERROR REPORT

	Line	Item	Result
[?]	10	Month of hire is not completed	OK
[?]	11	An explanation of who is included in Other Employees is not entered	OK

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If the month of hire is not included for any lines that have a salary, the school will receive an error.

If the school has individuals in line 11, an explanation of those individuals must be included in line 13 or the school will receive an error.

Schedule 3-1 Explanations → Schedule 11-1

- If any of the average salaries are less than $20,000 the school must explain why.
  - Typically, this is because of hourly part time employees.
  - Any categories that require an explanation will have a "Yes" in the last column to the right of Schedule 3-1.
  - The budget preparer will list the explanation under item 4 of Schedule 11-1.

Line	A Position Categories	B Total HC	C Teaching FTE	D Month of Hire	E Salaries	F Average Salaries	If average salaries is less than $20,000, an explanation is required on Sch 11:
1	Administrative Staff					-	NO
2	K-12 Before & After School Care Only Staff					-	NO
3	Classroom Teachers					-	NO
4	Classroom Teacher Aides					-	NO
5	Maintenance Employees					-	NO
6	Food Service Employees					-	NO
7	Transportation Employees					-	NO
8	SNSP Only Employees					-	NO
9	Church Employees					-	NO
10	Daycare/Preschool Employees					-	NO
11	Other Employees					-	NO
12	**TOTAL**	-	-		-		0

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The total salaries for an employee or group of employees should be entered in column E.

If any of the average salaries are less than $20,000, the school must explain why under question 4 of Schedule 11-1.

Please note the red box on the right of this screen shot. If it says Yes, then an explanation is required for that job category in question 4 of Schedule 11-1. A common explanation for the salaries being below $20,000 are that the individuals in the line are part time employees.

Schedule 3-1: Expenses & Cash Flows

EXPENSES & CASH FLOWS

Insert the primarily SNSP expenses in Line 15 and the eligible education expenses, excluding primarily SNSP expenses, in Line 14. Insert the total expenses for the school year in Line 16 and the Accounts Payable and Prepaid balances at the beginning of the school year in Lines 17 and 18. Line 19 will then indicate the amount that must be paid during the school year. Include the amount that will be paid for each month in lines 20-31. If the school will have a Prepaid Expense balance at the end of the year, insert it in Line 33. Finally, review the year-end Accounts Payable balance in Line 34 to determine if it is correct.

Line	A Line Description	B Salaries	C FICA & Medicare	D State & Federal Unemployment	E Employer Paid Benefits	F Total
14	Eligible Education Expenses *Excluding Ln 15*		-			-
15	Primarily SNSP Expenses	-	-			-
16	Total 2023-24 Expenses	-	-			-
17	June 30, 2023 Prepaid Expenses					-
18	June 30, 2023 Accounts Payable					-
19	**TOTAL AMOUNT TO BE PAID**	-	-	-	-	-
20	July 2023 Cash Payments					-
21	August 2023 Cash Payments					-
22	September 2023 Cash Payments					-
23	October 2023 Cash Payments					-
24	November 2023 Cash Payments					-
25	December 2023 Cash Payments					-
26	January 2024 Cash Payments					-
27	February 2024 Cash Payments					-
28	March 2024 Cash Payments					-
29	April 2024 Cash Payments					-
30	May 2024 Cash Payments					-
31	June 2024 Cash Payments					-
32	**TOTAL CASH PAYMENTS**	-	-	-	-	-
33	JUNE 30, 2024 Prepaid Expenses					-
34	**JUNE 30, 2024 ACCOUNTS PAYABLE**	-	-	-	-	-

Line	Highest Pupil Count	Teaching FTE	Average Pupils per Teacher	FICA & Medicare	Expected Unemployment	Unemployment Difference
35	0	0.00			-	0

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At the bottom of Schedule 3-1, you will then enter the amount of staffing related eligible expenses.

From left to right the columns in the red box are: Salaries, FICA & Medicare taxes, State & Federal Unemployment taxes, Employer Paid Benefits, and lastly the total for all the expenses.

The cells in yellow are where the school enters the applicable dollar amounts. The cells in white are automatically calculated throughout the budget.

Schedule 3-1: Expenses & Cash Flows

Line	A Line Description	B Salaries
14	Eligible Education Expenses *Excluding Ln 15*	
15	Primarily SNSP Expenses	-
16	Total 2023-24 Expenses	-
17	June 30, 2023 Prepaid Expenses	
18	June 30, 2023 Accounts Payable	
19	**TOTAL AMOUNT TO BE PAID**	-

- Line 16, column B lists the budgeted total annual salary expenses which were previously entered in the top portion of this schedule.
- In Line 14 enter the portion of total salaries from Line 16 that are related to K-12th grade educational programming.
- Enter any prepaid expenses as of June 30, 2023 on Line 17.
- Enter the June 30, 2023 Accounts Payable on Line 18.
  - Reminder: Accounts Payable balances represent amounts that were owed (relate to) the school year that have not yet been paid.
- Line 19 will show the total budgeted annual salary expense to be paid.

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This slide is a screen shot of the cash flow section of Schedule 3-1 dealing with staff salaries.

Again, the values entered in this section will automatically flow to other parts of the budget, which will be discussed in later trainings.

So, for this section of Schedule 3-1, we would input the following.

Line 16 will include the total annual salary expenses entered in the top portion of this schedule.

For line 14, the school should input the portion of the total annual salary expense from line 16 that is related to K-12th grade educational programming.

In line 17, input any prepaid expenses as of June 30, 2023.

In line 18, input any beginning accounts payable as of June 30, 2023.

Lastly, line 19 will display the budgeted total annual salary expense to be paid.

Schedule 3-1: Expenses & Cash Flows

Line	A Line Description	B Salaries
14	Eligible Education Expenses *Excluding Ln 15*	
15	Primarily SNSP Expenses	-
16	Total 2023-24 Expenses	-
17	June 30, 2023 Prepaid Expenses	
18	June 30, 2023 Accounts Payable	
19	**TOTAL AMOUNT TO BE PAID**	-
20	July 2023 Cash Payments	
21	August 2023 Cash Payments	
22	September 2023 Cash Payments	
23	October 2023 Cash Payments	
24	November 2023 Cash Payments	
25	December 2023 Cash Payments	
26	January 2024 Cash Payments	
27	February 2024 Cash Payments	
28	March 2024 Cash Payments	
29	April 2024 Cash Payments	
30	May 2024 Cash Payments	
31	June 2024 Cash Payments	
32	**TOTAL CASH PAYMENTS**	-
33	JUNE 30, 2024 Prepaid Expenses	
34	**JUNE 30, 2024 ACCOUNTS PAYABLE**	-

- Enter the monthly cash payments in Lines 20-31.
- Enter any ending prepaid payroll as of June 30, 2024 in Line 33.

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Continuing, we will now discuss entering the cash payments related to Staff Salaries.

In lines 20-31 enter the school's cash payments. The amounts that will be paid by an entity must be entered in these cells, no matter what school year the expenses relate. For example, if the school pays payroll in July 2023 for the 2022-2023 school year, the amount paid must go on the July 2023 Cash Payments line even though it is salary related to the previous school year.

In line 33, enter any prepaid expenses as of June 30, 2024.

Schedule 3-1: Expenses & Cash Flows

Line	A Line Description	B Salaries
14	Eligible Education Expenses *Excluding Ln 15*	
15	Primarily SNSP Expenses	-
16	Total 2023-24 Expenses	-
17	June 30, 2023 Prepaid Expenses	
18	June 30, 2023 Accounts Payable	
19	**TOTAL AMOUNT TO BE PAID**	-
20	July 2023 Cash Payments	
21	August 2023 Cash Payments	
22	September 2023 Cash Payments	
23	October 2023 Cash Payments	
24	November 2023 Cash Payments	
25	December 2023 Cash Payments	
26	January 2024 Cash Payments	
27	February 2024 Cash Payments	
28	March 2024 Cash Payments	
29	April 2024 Cash Payments	
30	May 2024 Cash Payments	
31	June 2024 Cash Payments	
32	**TOTAL CASH PAYMENTS**	-
33	JUNE 30, 2024 Prepaid Expenses	
34	**JUNE 30, 2024 ACCOUNTS PAYABLE**	-

Total Amount to be Paid (Line 19)

−

Total Cash Payments (Line 32)

+

Prepaid Expenses (Line 33)

=

June 30, 2024 Accounts Payable

After completing the schedule, review the June 30, 2024 Accounts Payable amount in Line 34 to ensure it is appropriate.

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Line 34, the June 30, 2024 Account Payable, will be automatically calculated in the budget. The June 30, 2024 Accounts Payable is calculated as the total amount to be paid on line 19 less the total cash payments made during the year on line 32 plus any prepaid expenses in line 33.

Always remember to review the June 30, 2024 Account Payable balance on line 34 to ensure the amount is the expected amount the school will owe but not have paid by June 30, 2024. If the amount is incorrect, the school will need to adjust the other numbers in the schedule since the line is a calculated number.

For example, as we described in the previous slide, if the school pays payroll in July 2023 for the 2022-2023 school year, the amount paid must go on the July 2023 Cash Payments line. The school would also need to include that amount in the June 30, 2023 Accounts Payable line as well. If the cash payment was included but the accounts payable was not included, it would incorrectly reduce the June 30, 2024 Accounts Payable balance.

Payroll Requirements

- All schools are required to have:
  - A schedule of all pay dates for the 2023-24 school year (from July 1, 2023 to June 30, 2024).
  - 2023-24 written agreement for each employee specifying the employee's compensation and the dates they will be paid.
  - The agreement must require the signature of the employee and school representative.
- The schedule of all pay dates and written agreements for each employee must be submitted as attachments to the budget.
  - If the school uses the same written agreement template for categories of employees, the school may provide an example of each template rather than providing all employee agreements.
- The pay dates in Schedule 3-1 must be consistent with the schedule of pay dates and written agreements.

***These agreements must be completed and signed before the first day that the employee starts working at the school for the 2023-24 school year.**

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As mentioned earlier, there are required attachments that need to be submitted with the budget.

The attachments related to payroll are the following: a schedule of all pay dates for the 23-24 school year (from July 1, 2023 to June 30, 2024) and the 2023-24 written agreements for each employee specifying the employee's compensation and the dates they will be paid.

The agreement must require the signature of the employee and a school representative. However, signed copies of the compensation agreements do not need to be submitted with the budget.

If the school uses the same written agreement template for categories of employees, the school may provide an example of each template rather than providing all the employee agreements. For example, if the school uses one template for full time employees and a different template for part time employees, the school could provide the full time and part time template.

It is important to remember that the amounts paid for each month and any expected beginning or ending accounts payable and prepaid expenses in Schedule 3-1 must be consistent with the schedule of pay dates and the written agreements.

Schedule 3-1: In Class Activity Recording Employee Salaries

STAFFING INFORMATION

Identify the total headcount (HC) and teaching FTE (full time equivalent) for each category. Also identify the earliest month of hire for each position. Existing schools should put the month of hire as the first month the employees will work in the school year. Then, insert the total salaries that will be paid for each position category.

Line	A Position Categories	B Total HC	C Teaching FTE	D Month of Hire	E Salaries	F Average Salaries	If average salaries is less than $20,000, an explanation is required on Sch 11:	Month of Hire Completed
1	Administrative Staff					-	NO	OK
2	K-12 Before & After School Care Only Staff					-	NO	OK
3	Classroom Teachers					-	NO	OK
4	Classroom Teacher Aides					-	NO	OK
5	Maintenance Employees					-	NO	OK
6	Food Service Employees					-	NO	OK
7	Transportation Employees					-	NO	OK
8	SNSP Only Employees					-	NO	OK
9	Church Employees					-	NO	OK
10	Daycare/Preschool Employees					-	NO	OK
11	Other Employees					-	NO	OK
12	TOTAL	-	-		-		0	0

Complete **Columns B, D, and E** with the following information:

Year Round Staff (begin work in July of the school year):
- 1 Administrator : $60,000
- 1 Secretary: $36,000
- 2 Food services staff: $33,000
- 1 Pastor: $55,800
- 2 Day care staff: $48,000

School Year Staff (begin work in Aug of the school year):
- 5 Teachers: $220,000
- 3 Teacher Aides: $77,000

25

Please open the budget and click on the tab labeled “Schedule 3-1 Expenses”. This slide is a screen shot of the top part of Schedule 3-1. For this exercise, we will be completing columns B, D & E with the information listed at the bottom of this slide. In addition, there are 2 groups of staff. The staff on the bottom left of the screen work year round and start in July while the staff on the bottom right work during the school year which starts in August.

Please pause the presentation and take some time to complete column B - Total Headcount, column D - Month of Hire, and column E - Salaries. We will complete the column C labeled teaching FTE later in the presentation.

Line 1 asks for us to enter the administrative staff. The administrative staff are the administrator for the school and the secretary. So, we will enter the number 2 in column B. Also, since these 2 employees are year round we will enter July 23 in column D. For column E, it asks for salaries. To obtain this value, we add the $60,000 salary for the administrator and the $36,000 salary for the secretary which totals $96,000.

Line 3 pertains to teachers. The teachers are listed on the lower right hand side of the screen. There are 5 teachers. They start working in Aug 2023, and the total salary amount is $220,000. Line 4 pertains to teacher aides. This information is also listed on the lower right hand side of the screen. These steps are then repeated for the food services staff, the pastor, and the 2 daycare staff. Pause the presentation and confirm that the information on the screen matches your budget Excel document.

Allocating Eligible Education Expenses–Time Spent

Line	A Line Description	B Salaries
14	Eligible Education Expenses *Excluding Ln 15*	

Position Type	Total Salaries (This example excludes FICA, Unemployment, & Benefits)	Percent Related to Educational Programming	Eligible Education Expenses
Administrator	$60,000		
Secretary	$36,000		
Pastor	$55,800		
Teachers	$220,000		
Teacher Aides	$77,000		
Food Service Staff	$33,000		
Day Care Staff	$48,000		
Total (Sch 3-1 Line 16)	$529,800		

- The administrative staff & food service staff plan on spending 90% of their time on the school and 10% of their time on the day care.
- The Pastor teaches religion for 20% of his time and the teachers & teacher aids teach for 100% of their time.

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Next, we will discuss how a school can calculate its eligible education salary expense from its total salary expense using the previously mentioned "Time Spent" method.

In this exercise, on the right hand side of the screen we are provided the following information.
The administrative and food service employees plan to spend 90% of their time on the school and 10% on the day care. The pastor plans to teach religion for 20% of his time. The teachers and teacher aides spend 100% of their time on the school.

So, for the administrator we enter 90% in the 3rd column and multiply that by $60,000 to get an eligible education expense of $54,000. For the secretary, we multiple 90% in the 3rd column by $36,000 to obtain an eligible education expense of $32,400. Then, we apply the percentages for the other positions. Please remember that the daycare percentage is 0% because daycare is not an eligible education expense.

Now we total the values in the 4th column of this slide and then record the total in the bottom section of Schedule 3-1 on line 14, column B.

This means that of the total salary expense of $529,800, $424,260 is an eligible education expense.

Schedule 3-1: In Class Activity - Recording Salaries Expense

Line	A Line Description	B Salaries
14	Eligible Education Expenses *Excluding Ln 15*	
15	Primarily SNSP Expenses	-
16	Total 2023-24 Expenses	-
17	June 30, 2023 Prepaid Expenses	
18	June 30, 2023 Accounts Payable	
19	**TOTAL AMOUNT TO BE PAID**	-
20	July 2023 Cash Payments	
21	August 2023 Cash Payments	
22	September 2023 Cash Payments	
23	October 2023 Cash Payments	
24	November 2023 Cash Payments	
25	December 2023 Cash Payments	
26	January 2024 Cash Payments	
27	February 2024 Cash Payments	
28	March 2024 Cash Payments	
29	April 2024 Cash Payments	
30	May 2024 Cash Payments	
31	June 2024 Cash Payments	
32	**TOTAL CASH PAYMENTS**	-
33	JUNE 30, 2024 Prepaid Expenses	
34	**JUNE 30, 2024 ACCOUNTS PAYABLE**	-

- All salaries are paid on a one month lag:
  - Year round employees are paid a total of $19,400 a month.
  - School year employees, who start working in August, are paid $29,700 a month. School year employees are paid from Sept through June .
- The school had one month of pay owed as of June 30, 2023 and June 30, 2024 for all the year round employees. The employees had the same pay in the 22-23 school year.
- Once the information is entered in, determine if the ending June 30, 2024 Accounts Payable balance on Line 34 is correct.

27

This slide is another screen shot of the bottom section of Schedule 3-1. The slide also provides information related to how the school pays its salaries and how the payments are recorded for each month of the school year.

We are provided with following information on the right hand side of the screen. Year round employees are paid a total of $19,400 a month. School year employees who start in August are paid $29,700 a month. The school year employees are paid from Sept through June. Additionally, we are told that the school owed 1 month of pay for year round employees who are paid $19,400 a month as of June 30, 2023 and June 30, 2024. When a school owes money, it is referred to as an account payable.

Please pause the video and take some time to complete this activity. We will then review the answers together.

Let's now review the answers. For line 18, we record $19,400 because we were told on this slide that the school owes the year round employees $19,400 as of June 30, 2023. Next, we have to record the salary payments in lines 20-31. Lines 20-31 represent each month of the school year from July 2023 to June 2024.

For lines 20 and 21, we will record the cash payments for the year round employees of $19,400. We were told the school year employees start in August and they are paid $29,700 in the months of Sept-June.

For lines 22-31, we add $19,400 plus the school year monthly payment of $29,700 to get a total value of $49,100. We then enter $49,100 in lines 22-31.

The budget then automatically calculates the total salary payments from lines 20-31 of $529,800 on line 32. Lastly, line 34 is automatically calculated by the budget at $19,400 and this matches the information we were provided on this slide. The amount listed on line 34 is the difference between line 19 of $549,200 and the actual total cash payments listed on line 32.

Schedule 3-1: FICA & Medicare Taxes

- FICA & Medicare expenses will be included based on 7.65% of the salaries.
- If your school's amount is different, update the amount and explain why it is different in Schedule 11-1.
- Input when the cash payments will be made for FICA and Medicare.
- The school's percentage is auto calculated on Line 35.

Line	A Line Description	B Salaries	C FICA & Medicare	D State & Federal Unemployment	E Employer Paid Benefits	F Total
14	Eligible Education Expenses *Excluding Ln 15*	424,260	32,456			456,716
15	Primarily SNSP Expenses	-	-			-
16	Total 2023-24 Expenses	529,800	40,530			570,330
17	June 30, 2023 Prepaid Expenses					-
18	June 30, 2023 Accounts Payable	19,400				19,400
19	**TOTAL AMOUNT TO BE PAID**	549,200	40,530	-	-	589,730

Line	Highest Pupil Count	Teaching FTE	Average Pupils per Teacher	FICA & Medicare	Expected Unemployment	Unemployment Difference
35	123	8.45	15	7.65%	13,125	(13,125)

28

Continuing with Schedule 3-1, the next column is FICA & Medicare expenses. Even though line 14 and 16 are in yellow, the amounts will be automatically calculated at 7.65% of the entity's total salaries.

These cells are in yellow in case the school does not need to pay FICA or Medicare for some of its employees. If the school does not need to pay FICA or Medicare for some of its employees, this must be explained in Schedule 11-1's question 2 or an error will appear in the budget.

If the school changes the values in column C, the current 7.65% that appears on line 35 will be automatically recalculated.

Schedule 3-1: State & Federal Unemployment

Line	A Line Description	B Salaries	C FICA & Medicare	D State & Federal Unemployment	E Employer Paid Benefits	F Total
14	Eligible Education Expenses *Excluding Ln 15*	424,260	32,456	10,522		467,238
15	Primarily SNSP Expenses	-	-			-
16	Total 2023-24 Expenses	529,800	40,530	13,125		583,455
17	June 30, 2023 Prepaid Expenses					-
18	June 30, 2023 Accounts Payable	19,400				19,400
19	**TOTAL AMOUNT TO BE PAID**	549,200	40,530	13,125	-	602,855

Line	Highest Pupil Count	Teaching FTE	Average Pupils per Teacher	FICA & Medicare	Expected Unemployment	Unemployment Difference
35	123	8.45	15	7.65%	13,125	0

- Include the State and Federal unemployment total expenses, eligible expenses & monthly cash payments. The expected unemployment is on Line 35.
- The expected amount is calculated as:
  - Number of employees x 6% (.06) x $7,000 (Federal unemployment)
  - Number of employees x 3.25% (.0325) x $14,000 (State unemployment)
- If the unemployment difference is negative, you will be required to explain how you are exempt or explain how you calculated the unemployment.
- If the school uses the reimbursement financing option for state unemployment, a letter from the DWD indicating the school is using the reimbursement financing option will be required.

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Column D is where the budget preparer would include State and Federal unemployment tax payments. The expected unemployment amount is shown on line 35.

The budget automatically calculates the Unemployment Difference in the lower right hand corner of the screen shot. If there is a negative value in this cell, the school needs to provide an explanation for why the school's amount is different than the expected amount in question 3, of Schedule 11-1. The expected amount consists of the state and federal unemployment amount. The federal amount is calculated as the number of employees times 6% times $7,000. The state amount is calculated as the number of employees times 3.25% times $14,000.

Lastly, if the school uses the reimbursement financing option for state unemployment, a letter from the Department of Workplace Development is required.

If a school or an organization of schools provide their own “unemployment” benefit, the cost of the unemployment benefits for the school should go in column E, employer paid benefits. Only unemployment paid to the state and federal government should go in column D.

Schedule 3-1: Employer Paid Benefits

- Determine what benefits will be provided and how much they will cost. These amounts must be inserted in column E.
- Examples of amounts that should be included in column E are employee retirement contributions, health insurance costs, or the cost of unemployment benefits provided by the school rather than the state/federal government.

Line	A Line Description	B Salaries	C FICA & Medicare	D State & Federal Unemployment	E Employer Paid Benefits	F Total
14	Eligible Education Expenses *Excluding Ln 15*	424,260	32,456	10,522		467,238
15	Primarily SNSP Expenses	-	-			-
16	Total 2023-24 Expenses	529,800	40,530	13,125		583,455
17	June 30, 2023 Prepaid Expenses					-
18	June 30, 2023 Accounts Payable	19,400				19,400
19	**TOTAL AMOUNT TO BE PAID**	549,200	40,530	13,125	-	602,855

Line	Highest Pupil Count	Teaching FTE	Average Pupils per Teacher	FICA & Medicare	Expected Unemployment	Unemployment Difference
35	123	8.45	15	7.65%	13,125	0

30

Continuing, in column E, the school would include any employer paid benefits. Examples of amounts that should be included in column E are employee retirement contributions, health insurance costs, or the cost of unemployment benefits provided by the school rather than the state/federal government.

Schedule 3-1: Taxes & Benefits

- For our example organization , the organization is exempt from FICA/Medicare and unemployment taxes. So, the values in column C & D (Lines 14 and 16) must be deleted to remove the costs.
- In addition, our example organization does not provide any benefits to its employees.

Line	A Line Description	B Salaries	C FICA & Medicare	D State & Federal Unemployment	E Employer Paid Benefits	F Total
14	Eligible Education Expenses *Excluding Ln 15*	424,260				424,260
15	Primarily SNSP Expenses	-	-			-
16	Total 2023-24 Expenses	529,800				529,800
17	June 30, 2023 Prepaid Expenses					-
18	June 30, 2023 Accounts Payable	19,400				19,400
19	**TOTAL AMOUNT TO BE PAID**	549,200	-	-	-	549,200

Line	Highest Pupil Count	Teaching FTE	Average Pupils per Teacher	FICA & Medicare	Expected Unemployment	Unemployment Difference
35	123	8.45	15	0.00%	13,125	(13,125)

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For our school budget example, Holy Love, the organization is exempt from: FICA & Medicare and Unemployment taxes. So, you must remove the values in columns C and D in your budget Excel document. In addition, Holy Love does not offer any employer paid benefits, so no values were recorded in column E.

Schedule 3-1: Recording Teaching FTE

- Column C or Teaching FTE is based on inputting the amount of time an employee spends on teaching. The data in Column C is used to calculate the average number of pupils per teacher.
- For example, if a pastor spends 20% of her time teaching, we will enter the value of .2 in column C, Line 9.

Line	A Position Categories	B Total HC	C Teaching FTE	D Month of Hire	E Salaries	F Average Salaries
1	Administrative Staff					-
2	K-12 Before & After School Care Only Staff					-
3	Classroom Teachers					-
4	Classroom Teacher Aides					-
5	Maintenance Employees					-
6	Food Service Employees					-
7	Transportation Employees					-
8	SNSP Only Employees					-
9	Church Employees					-
10	Daycare/Preschool Employees					-
11	Other Employees					-
12	**TOTAL**	-	-		-	

32

Now we are going to complete column C of Schedule 3-1.

Column C relates to the teaching full time equivalent or FTE. This column is based on inputting the amount of time an employee spends on teaching students in grades K4-12th. The information in this column is used to identify the average number of pupils per teacher.

Please note the number in this column would be based on the actual time individuals are teaching grades K4-12th grade. So, if an individual works for a quarter of each school day, .25 would be inserted for that individual. If the school has 4 teachers, 3 that work full time and the 4th works a quarter of the school day, 3.25 would be inserted in Line 3, Column C.

Schedule 3-1: In Class Activity Recording Teaching FTE

Line	A Position Categories	B Total HC	C Teaching FTE	D Month of Hire	E Salaries	F Average Salaries
1	Administrative Staff					-
2	K-12 Before & After School Care Only Staff					-
3	Classroom Teachers					-
4	Classroom Teacher Aides					-
5	Maintenance Employees					-
6	Food Service Employees					-
7	Transportation Employees					-
8	SNSP Only Employees					-
9	Church Employees					-
10	Daycare/Preschool Employees					-
11	Other Employees					-
12	**TOTAL**	-	-		-	

Complete **Column C** with the following information:

- The administrator teaches classes for 25% of her time
- The Pastor teaches religion for 20% of his time
- The 5 teachers & 3 teacher aides teach for 100% of their time

33

We are provided with the information on the bottom part of this slide for column C dealing with FTE. Remember that the FTE in column C deals with teaching.

Please pause the video, review the information and input the information in column C of Schedule 3-1.

Now lets discuss the input for column C. The administrator teaches classes for 25% of her time, so on line 1 we record .25. The Pastor teaches religion for 20% of his time, so on line 9 we record .20.

The 5 teachers & 3 teacher aides are represented on lines 3 and 4. Since the teachers spend 100% of their time teaching, a value of 1 is given for each of the 5 teachers. Since there are 5 teachers, we then enter an FTE of 5 in line 3. For the teacher aids, they also spend 100% of their time teaching, so a value of 1 is assigned to each of the 3 aides. We then total this amount and enter an FTE of 3 on line 4.

For the last part of this slide, please reference line 12 of column C. This is the total of the Teaching FTE values we recorded for each position in column C.

Schedule 3-1: Average Pupils per Teacher

Line	Highest Pupil Count	Teaching FTE	Average Pupils per Teacher	FICA & Medicare	Expected Unemployment	Unemployment Difference
35	123	8.45	15	7.65%	13,125	0

- The Average Pupils per Teacher is calculated based on the Highest Pupil Count from Schedule 2-1 divided by the Teaching FTE.
- If the average pupil per teacher ratio is greater than 25, you will be required to provide classroom configurations by classroom that indicates the number of students and their grade(s), number of teachers, and number of teacher aides in each classroom.

34

Continuing with the teaching FTE, at the bottom of Schedule 3-1, line 35, the average pupils per teacher is automatically calculated by dividing the highest pupil count in the second column of this slide by the teaching FTE of 8.45 which is in the 3rd column of this slide. The calculated value is rounded to the nearest whole number or 15 which is listed in the 4th column of this slide. This value is telling us there are 15 students per teacher at Holy Love.

If the average pupil per teacher ratio is greater than 25, the school is then required to provide configurations for each classroom. The configuration needs to identify the number of students, the student grade levels, the number of teachers, and number of teacher aides for each of the school's classrooms. This requirement is also listed on line 6 in the Required Attachments tab.

Available Resources

On Demand Trainings

- K4 Parental Outreach (Training 1-3)
- Auditor Authorization Form (Training 3-3)
- Surety Bond and New School Budget & Cash Flow Report (Training 3-5)
- Financial Audit Requirements (Training 5)
- Fiscal & Internal Control Practices (Training 6)
- Payment Process, Pupil Count Report, & Audit Overview (Training 9-1)
- Count Reports (Training 9-2 & 9-3)
- Report Cards, Student Information System, and WISEdata (Training 4-1)

https://dpi.wi.gov/parental-education-options/choice-programs/on-demand-training

Bulletins

- Financial Audit and PSCP/SNSP Reserve Balance Bulletin
- PSCP Eligible Education Expenses Bulletin
- K4 Parental Outreach Activities Bulletin
- Student Tuition and Fees Bulletin
- Criminal Background Checks Bulletin
- Staff Credentials Bulletin
- Insurance and Fidelity Bulletin
- Summer School Bulletin
- Accreditation Bulletin

https://dpi.wi.gov/parental-education-options/choice-programs/bulletins

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The department has on demand trainings and bulletins available to help schools understand programmatic requirements. Schools are encouraged to review these trainings and bulletins throughout the year when you have questions on the Choice program requirements.

Questions?

Auditors for the Choice Program

Andrea Kratz
andrea.kratz@dpi.wi.gov
608-267-1291

Rob Monroe
robert.monroe@dpi.wi.gov
608-266-2658

Doug Kohanski
douglas.kohanski@dpi.wi.gov
608-224-6169

Elizabeth Whynot
elizabeth.whynot@dpi.wi.gov
608-264-9553

Budget questions should be sent to:
dpichoiceauditreports@dpi.wi.gov

General program questions should be sent to:
privateschoolchoice@dpi.wi.gov

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The contact information for each of the Choice program auditors is listed on the screen. Questions on this training, including questions on the budget and cash flow report, should be directed to dpichoiceauditreports@dpi.wi.gov, rather than a specific auditor. This mailbox is monitored by all of the Choice program auditors.

If you have general Choice program questions, they should be directed to the Choice program consultants at privateschoolchoice@dpi.wi.gov.