



Legislative Fiscal Bureau

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May 23, 2005

Joint Committee on Finance

Paper #468

TIME System Upgrade and Handgun Hotline (Justice)

[LFB 2005-07 Budget Summary: Page 326, #16, Page 327, #17]

CURRENT LAW

TIME System. The Transaction Information for the Management of Enforcement (TIME) System provides Wisconsin law enforcement agencies with access to information on state and national wanted, missing and unidentified persons; national criminal history record information; stolen motor vehicle records; driver and vehicle registration data; and identifiable stolen property listings. DOJ operates the TIME System and is authorized to assess fees to law enforcement agencies related to the operation of the system. In 2003-04, the Department collected TIME System user fees of \$2,576,500. The TIME System's 2004-05 budget is \$992,900 GPR and \$2,643,100 PR and 3.0 GPR and 6.0 PR positions.

Handgun Purchaser Record Check Program. When a firearms dealer sells a handgun, the dealer may not transfer possession of that handgun until: (1) the dealer has inspected photographic identification from the purchaser; (2) the purchaser has completed a notification form with the purchaser's name, date of birth, gender, race and social security number so that the Department of Justice (DOJ) may perform an accurate record search; (3) the dealer has submitted the information to DOJ and has requested a firearms restrictions record search; and (4) 48 hours have lapsed (subject to certain extensions) and DOJ has not notified the dealer that the transfer would be a violation of state or federal law. An \$8 fee is assessed on the dealer (who may pass the charge on to the purchaser) for each background check. The fee revenues are remitted to DOJ and are intended to fund the cost of operating the record check program. The program's 2004-05 budget is \$396,200 PR and 8.0 PR positions.

Since its creation under 1991 Wisconsin Act 11, the program has ended each state fiscal year in deficit. During 2003-04, the program received \$270,500 in record check fees but expended \$391,600. At the end of the 2003-04 fiscal year, the program's cumulative deficit stood at \$917,900 and is projected to end 2004-05 with a deficit of \$1,055,000.

GOVERNOR

TIME System. Provide \$112,500 PR in 2005-06 and \$225,100 PR in 2006-07 to fund the initial payments under a six-year master lease agreement for hardware, software, and development costs associated with planned upgrades to the TIME System.

Handgun Purchaser Record Check Program. Transfer \$647,400 PR in 2005-06 from the balances in DOJ's TIME System terminal charges appropriation account to the Department's handgun purchaser record check appropriation account to offset a portion of the cumulative deficit in the handgun program. Revise the purposes of the handgun purchaser record check appropriation to permit such a transfer from the TIME System terminal charges appropriation and repeal that revised treatment, effective July 1, 2006.

DISCUSSION POINTS

TIME System Upgrade

1. The TIME System provides law enforcement agencies across the state access to a variety of law enforcement-related databases. The relevant data is provided by the TIME System through its access to: (a) DOJ's criminal history, stolen property, wanted persons and protection orders databases; (b) the Department of Corrections' sex offender registry and probation and parole files; (c) Department of Transportation driver and vehicle registration files; (d) selected Department of Natural Resources files; (e) the federal National Crime Information Center database; and (f) the National Law Enforcement Telecommunication System, which provides access to out-of-state and Canadian data on criminal history, vehicle registration and driver files.

2. The TIME System consists of over 7,600 terminals located in 775 local, state and federal law enforcement agencies in Wisconsin. Approximately 4,000 of these terminals are mobile units that provide information directly to the patrol officer. On an average day, the TIME System processes approximately 263,000 transactions.

3. The current TIME 2000 System became operational in March of 1999. However, some of the technology utilized by the system is now seven years old. As the technology ages, it becomes more difficult to upgrade and more expensive to maintain. The five-year initial support contract for the system expired in June of 2004.

4. DOJ has begun the implementation and development work for the next generation of TIME, called "e-TIME." This upgraded system will permit law enforcement agencies across the state to now access the TIME System over the Internet. The Department indicates that this upgrade will permit hundreds of law enforcement agencies across the state to access the TIME System who cannot afford to do so today.

5. The Department anticipates completing the development work for phase I of the e-TIME conversion by June 15, 2005. DOJ staff plans to complete initial application development

testing for phase I of the system during July and August of 2005 and begin phase I operations with the appropriate hardware by September or October of 2005.

6. Phase I involves: (a) completing the server-to-server software development to permit the new e-TIME System to communicate with local law enforcement systems over the Internet; (b) replacing the DOJ "hotfiles" database containing stolen property, wanted persons and protection orders information; (c) linking the Department of Corrections' sex offender registry and probation and parole files to the new "hotfiles" database; and (d) developing the message retrieval system which will record every transaction completed with the e-TIME System to permit DOJ to investigate cases of system misuse. Approximately 80% of the TIME terminals in law enforcement agencies across the state do not directly access the TIME System but have modified their law enforcement IT systems to interface with the TIME System. These local agencies will need to modify their systems to interface with the new e-TIME System.

7. During 2004-05, the Department anticipates spending approximately \$600,000 on contracted development work for e-TIME and an additional \$158,000 on hardware and software for the new system.

8. The Department currently projects that an additional \$4,250,000 (all funds) will be required to complete the development of e-TIME. This project will include the application development work to permit the 20% of terminals that directly access the TIME System today to directly access the new e-TIME System. The effort will also involve developing the automated management functions for the new e-TIME System. Finally, the project will involve purchasing the necessary hardware for e-TIME. To date, the Department has primarily invested in the development work for the new system.

9. While it is not anticipated that e-TIME development will be fully completed during 2005-07, the Department has begun to identify the necessary resources for the development project. Through the use of a GPR-funded master lease, as well as additional base level GPR funding provided for the TIME System and the Department's Bureau of Computing Services, DOJ estimates being able to fund approximately \$1.7 million in development costs over the course of the biennium.

10. As a part of its agency budget request, DOJ further identified \$985,000 PR in TIME System user fees paid by local law enforcement agencies for the TIME System that could also be utilized to fund the development of the system. The Department requested \$985,000 PR in additional expenditure authority in 2005-06 in order to utilize these fees for system development.

11. Under the provisions of AB 100, however, the Governor would utilize this \$985,000 PR to: (a) partially fund a six-year master lease for the development of e-TIME (\$112,500 PR in 2005-06 and \$225,100 PR in 2006-07); and (b) transfer funding to the handgun purchaser record check program to partially address an increasing deficit in the "handgun hotline" (\$647,400 PR in 2005-06). Under the Governor's six-year master lease, the payments of \$112,500 PR in 2005-06 and \$225,100 PR in 2006-07 would actually leverage \$985,000 in master lease funding to develop

e-TIME in 2005-07. (An additional \$1,013,000 PR in payments on the master lease would still need to be budgeted during the following four and one-half years). As these recommendations would enable the state both to finance \$985,000 in e-TIME system development costs in 2005-07 and to eliminate \$647,400 of a current estimated handgun hotline deficit of \$1,055,000, the Committee could consider adopting these recommendations.

12. On the other hand, the Department has raised concerns regarding the recommendations affecting the TIME System under the bill. First, DOJ staff has expressed concerns about diverting TIME System fees paid by local law enforcement agencies to maintain and upgrade the TIME System to partially address an unrelated handgun hotline deficit.

13. Second, while the Governor's recommendations would provide an additional \$985,000 in funding to support e-TIME development during 2005-07, under the bill's six-year master lease assumptions, an additional \$1,013,000 in TIME System user fees from local law enforcement agencies would have to be expended for master lease payments for an additional four and one-half years thereafter. An argument could be made that the \$647,400 PR being used to partially address the handgun hotline deficit might instead be utilized in a manner more consistent with the purpose of the user fee by reserving these funds for current costs associated with the project.

14. The Department would propose deleting the transfer of \$647,400 PR in TIME System user fees to the handgun hotline in 2005-06, and utilizing the \$985,000 PR in identified TIME System user fees in 2005-06 to support the development of e-TIME. Under this alternative, no funding would be provided to address the deficit in the handgun hotline, but the Department could avoid making \$1,013,000 in master lease payments, principally in the 2007-09 and 2009-2011 biennia, for development work completed in 2005-06. DOJ staff feels that this type of modification would improve the long-term health of the financing for the Department's e-TIME System.

Handgun Hotline Deficit

15. Under the companion penalty surcharge paper also before the Committee [Paper #465], alternatives are provided to address the increasing deficit in the handgun hotline. While these alternatives could partially or fully address the cumulative deficit in the handgun hotline, they would not address the program's underlying imbalance between revenues and expenditures. In 2003-04, the program received \$270,500 in record check fees, but had expenditures totaling \$391,600.

16. An \$8 fee is currently assessed on a firearms dealer for each background check prior to the transfer of a handgun. The search ensures that a handgun is not transferred in violation of state or federal law. This fee has remained at \$8 since 1993 Wisconsin Act 16 increased the fee from \$5.

17. The following table identifies revenue received by the handgun hotline program from the \$8 fee in the last five fiscal years for which complete data is available. During this period,

the \$8 fee has generated average annual revenues of \$258,900.

<u>Fiscal Year</u>	<u>Revenue</u>
1999-00	\$288,900
2000-01	238,100
2001-02	258,600
2002-03	238,300
2003-04	270,500
5-Year Average	\$258,900

18. The bill does not address the current structural imbalance in the handgun hotline program. However, the bill does provide \$404,100 PR annually in expenditure authority under DOJ's handgun purchaser record check appropriation to fund the costs of operating the program.

19. If the handgun purchaser record check fee were increased to \$14, it is anticipated that the increased fee would generate annual revenues of \$453,600, sufficient to support the expenditure authority of \$404,100 PR annually under the bill, plus additional reserves for compensation adjustments. The Committee could consider increasing the fee to address the current structural imbalance.

ALTERNATIVES

1. Approve the Governor's recommendation to transfer \$647,400 PR in 2005-06 from balances in DOJ's TIME System terminal charges appropriation account to the Department's handgun purchaser record check appropriation account to offset a portion of the deficit in the handgun program. Revise the purposes of the handgun purchaser record check appropriation to permit such a transfer from the TIME System terminal charges appropriation and repeal that revised treatment, effective July 1, 2006. In addition, provide \$112,500 PR in 2005-06 and \$225,100 PR in 2006-07 to fund the initial payments under a six-year master lease agreement for hardware, software, and development costs associated with the planned upgrades to the TIME System.

2. Delete provision.

<u>Alternative 2</u>	<u>PR</u>
2005-07 FUNDING (Change to Bill)	- \$337,600

3. *[To be considered if Alternative 2 is selected.]* Provide \$985,000 PR in 2005-06 to the Department of Justice's terminal charges appropriation to permit the Department to fund development of its e-TIME System with available TIME System user fees.

<u>Alternative 3</u>	<u>PR</u>
2005-07 FUNDING (Change to Bill)	\$647,400

4. *In addition to any of the above alternatives,* increase the handgun purchaser record check fee from \$8 to \$14.

<u>Alternative 4</u>	<u>PR</u>
2005-07 REVENUE (Change to Bill)	\$389,400

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