



Legislative Fiscal Bureau

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June 5, 2007

Joint Committee on Finance

Paper #121

Transfer of Youth Diversion Program from the Department of Corrections (DOA -- Office of Justice Assistance)

Bill Section

[LFB 2007-09 Budget Summary: Page 37, #2]

CURRENT LAW

Under Chapter 301 of the statutes, the Department of Corrections is required to utilize \$1,200,000 annually (\$380,000 GPR and \$820,000 PR) in funding provided to its GPR and PR youth diversion program appropriations to enter into contracts with organizations for the diversion of youths from gang activities into productive activities, including placement in appropriate educational, recreational, and employment programs. The statutes specifically direct Corrections to enter into the following contracts for the following amounts: (a) \$500,000 to an organization in Milwaukee County; (b) \$150,000 to an organization in Racine County; (c) \$150,000 to an organization in Kenosha County; (d) \$150,000 to an organization located in Ward 1 in the City of Racine; (e) \$150,000 to an organization in Brown County; and (f) \$100,000 to an unspecified organization. The program revenue funding is provided from the penalty surcharge.

The statutes further specify that Corrections may not distribute more than \$300,000 PR annually in funding from its Juvenile Correctional Services' interagency and intra-agency aids appropriation to the organization it has contracted with in Milwaukee County for alcohol and other drug abuse education and treatment services for participants in that organization's youth diversion program. Historically these funds have been provided by the Department of Health and Family Services from federal funds that it administers.

The youth diversion administration appropriation under Corrections provides a 0.5 PR grant specialist position and \$23,500 PR in 2006-07, to permit the Department to administer the

youth diversion program. The program revenue funding is again provided from the penalty surcharge.

GOVERNOR

Transfer the administration and contract funding of the youth diversion program from the Department of Corrections to the Department of Administration's Office of Justice Assistance (OJA) by: (a) transferring a 0.5 PR grant specialist position and its associated funding of \$24,800 PR annually from Corrections' youth diversion administration appropriation to OJA's law enforcement programs-administration appropriation; (b) revising the title of this OJA appropriation to reflect the transfer of youth diversion administration to OJA; (c) deleting the youth diversion administration appropriation under Corrections; (d) transferring \$300,000 PR annually in grant funding from the Juvenile Correctional Services' interagency and intra-agency aids appropriation to OJA's interagency and intra-agency aids appropriation; (e) transferring the GPR and PR youth diversion contract appropriations and associated funding from Corrections to OJA (\$380,000 GPR and \$753,900 PR in 2007-08, and \$380,000 GPR and \$794,900 PR in 2008-09); and (f) renumbering the statutory language governing the administration of the program to OJA.

In addition, specify that a \$150,000 annual grant that is currently provided to an organization in the City of Racine's Ward 1, will instead be provided to an organization in Racine's Ward 2. The grant would continue to be provided to the George Bray Neighborhood Center.

On the general effective date of the biennial budget act, transfer the assets and liabilities, tangible personal property, and contracts of Corrections primarily related to its youth diversion program, as determined by the Secretary of DOA, to OJA. Specify that all incumbent employees of Corrections having duties primarily related to its youth diversion program, as determined by the Secretary of DOA, would be transferred to OJA. Provide that all transferred employees would retain the same rights and employee status in OJA that they enjoyed in Corrections immediately prior to the transfer, and no transferred employee who had attained permanent status in his or her classified position would be required to serve a new probationary period. Specify that the pending matters, and rules and orders of Corrections primarily related to its youth diversion program, as determined by the Secretary of DOA, would become the pending matters, rules and orders of OJA.

DISCUSSION POINTS

1. Under the 2005-07 biennial budget bill, the Legislature transferred the youth diversion program from OJA back to Corrections (prior to the 2001-03 biennial budget act the program had been administered by Corrections). The Legislature also provided an additional \$100,000 PR annually in penalty surcharge funding to the program to permit Corrections to enter into an additional contract with an organization in Ward 3 of the City of Racine to provide services

designed to divert juveniles from gang activities into productive activities.

2. Under 2005 Wisconsin Act 25, the Governor signed the transfer of the youth diversion program to Corrections into law. The Governor did, however, have one partial veto, which deleted the designation that the new funding be provided to an organization in Ward 3 of the City of Racine. Under the partial veto, Corrections is authorized to award the new funding to any organization for youth diversion activities.

3. Contrary to the provision enacted in 2005 Act 25, on September 28, 2005, the Secretary of the Department of Corrections and the Executive Director of the Office of Justice Assistance entered into a memorandum of understanding providing that "OJA will continue to administer the Youth Diversion Program on behalf of DOC." The memorandum of understanding is attached to this paper.

4. The memorandum of understanding provided that Corrections would transfer the administrative funding provided to the Department to administer the program to OJA. In return, the Executive Director of OJA agreed that, "OJA will continue to provide administrative support at the current level. Administrative support includes preparing and distributing application kits, receiving and approving applications, creating award documents, obtaining required signatures including the appropriate DOC official and the Governor, distributing award documents to sub-grantees, completing required reports and submitting them to DHFS on a timely basis and managing funds and maintaining documents consistent with state and federal fiscal requirements." The Executive Director of OJA further agreed that, "OJA will reimburse sub-grantees for allowable expenditures on a quarterly basis and will submit an invoice to DOC for funds quarterly." OJA staff indicates that the Office continues to administer the program consistent with this memorandum of understanding.

5. The provisions of SB 40 would transfer the youth diversion program back to OJA. Thus, SB 40 would change the statutes to conform with the practice established by the memorandum of understanding. Department of Administration staff indicates that it is recommended that the youth diversion program transfer back to OJA as the Office is a grant making agency. They indicate that OJA coordinates several programs in the area of juvenile justice, including diversion.

6. On the other hand, Corrections also administers grant funding, including grant funding in the area of juvenile justice. Under the community intervention grant program, for example, Corrections awards annual grants totaling \$3,750,000 GPR to counties for early intervention services for first-time juvenile offenders and for intensive community-based intervention services for seriously chronic juvenile offenders.

7. It may also be worth noting that both agencies would be limited in coordinating funding under the youth diversion program with other juvenile justice funding. State statute provides little discretion to the administering agency to determine with what organizations it will contract to provide youth diversion services under the program.

8. As a general practice, federal and state grant programs are typically budgeted under the state agency with the programmatic responsibilities that parallel the purposes of the federal or state grant program. As Corrections has significant programmatic responsibilities in regards to juvenile offenders, and administers grant funding in the area of juvenile justice, the Committee could also consider maintaining the youth diversion program at Corrections. It is unknown whether the agencies would again enter into a memorandum of understanding to have OJA administer the program, if the Legislature directs the program to remain at Corrections.

9. The provisions of SB 40 would also amend a current law provision which provides a \$150,000 annual contract to an organization in the City of Racine's Ward 1, to instead provide the contract to an organization in Racine's Ward 2. Office of Justice Assistance staff indicates that the George Bray Neighborhood Center has received the contract award under current law and would continue to receive the award under the language of the bill. Office staff indicates that the City of Racine re-drew its wards so that the George Bray Neighborhood Center is now located in Ward 2 of the City of Racine.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendations to: (a) transfer the administration and funding for the youth diversion program from the Department of Corrections to the Department of Administration's Office of Justice Assistance (OJA); and (b) specify that a \$150,000 annual contract that is currently provided to an organization in the City of Racine's Ward 1, will instead be provided to an organization in Racine's Ward 2.

ALT 1	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
GPR	\$0	0.00	\$760,000	0.00
PR	0	0.00	2,198,400	0.50
Total	\$0	0.00	\$2,958,400	0.50

2. Delete the recommendation to transfer the administration and funding for the youth diversion program from Corrections to OJA. However, specify that a \$150,000 annual contract would now be provided to an organization in the City of Racine's Ward 2, instead of Racine's Ward 1.

ALT 2	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
GPR	-\$760,000	0.00	\$0	0.00
PR	-2,198,400	-0.50	0	0.00
Total	-\$2,958,400	-0.50	\$0	0.00

3. Delete provision.

ALT 3	Change to Bill		Change to Base	
	Funding	Positions	Funding	Positions
GPR	-\$760,000	0.00	\$0	0.00
PR	<u>-2,198,400</u>	<u>-0.50</u>	<u>0</u>	<u>0.00</u>
Total	-\$2,958,400	-0.50	\$0	0.00

Prepared by: Paul Onsager
Attachment



State of Wisconsin

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Governor

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This Memorandum of Understanding (MOU) documents the agreement of the Wisconsin Department of Corrections (DOC) and the Wisconsin Office of Justice Assistance (OJA) with regard to the administration of the Youth Diversion Program. Any changes to this agreement will be further documented by signed written agreement of the DOC Secretary and OJA Executive Director.

Background

OJA has administered the Youth Diversion Program since 2001 and is the State's Administering Agency for most of the State's federal juvenile justice funding. Prior to 2001, DOC managed the program. Because of OJA's grant and program experience, the parties agree that OJA will continue to administer the Youth Diversion Program on behalf of DOC.

The Youth Diversion Program is funded from three sources in the 2005-07 biennium: \$380,000 per year in general purpose revenue (GPR); \$300,000 per year in federal funds received by the Wisconsin Department of Health and Family Services (DHFS) under the Substance Abuse Block Grant program (PR-S); and \$818,400 per year in state Penalty Assessment funds (PR). DHFS previously contracted with OJA to process the AODA grants on their behalf.

Scope

This agreement covers the Youth Diversion program funds for 2005-07. An agreement regarding the associated .5 FTE position authorized for DOC and eliminated from OJA will be covered at a later time. The agreement extends from the date of signature through the 2005-2007 biennium, ending on June 30, 2007.

Responsibilities of the Parties

Department of Corrections:

1. DOC will enter into an agreement with DHFS for receipt of the Substance Abuse Grant funds on an annual basis and will retain the funds in their appropriation.
2. DOC will issue an annual purchase order to OJA for the amounts authorized in 2005 Wisconsin Act 25, which includes funding from the following appropriations:

20.410(3)(d)	\$380,000
20.410(3)(kj)	\$794,900
20.410(3)(ky)	\$300,000
3. OJA will submit quarterly invoices for reimbursement. DOC will reimburse OJA within 30 days of receipt of each invoice. DOC will leave its purchase order open until all funds are spent.
4. DOC will transfer \$23,500 PR (Penalty Assessment) annually to OJA for administrative costs upon signature of this document in August 2005 and on July 1, 2006.

Office of Justice Assistance:

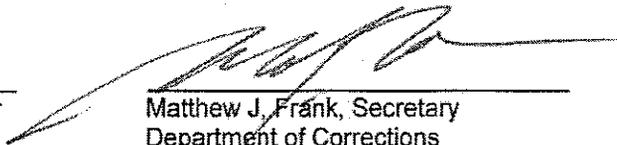
1. OJA will administer the Youth Diversion Program and grants consistent with current practice, program requirements and existing agency grant processes.

2. OJA will continue to provide administrative support at the current level. Administrative support includes preparing and distributing application kits, receiving and approving applications, creating award documents, obtaining required signatures including the appropriate DOC official and the Governor, distributing award documents to sub-grantees, completing required reports and submitting them to DHFS on a timely basis and managing funds and maintaining documents consistent with state and federal fiscal requirements.
3. OJA will meet federal and other reporting requirements related to use of Youth Diversion funds.
4. OJA will reimburse sub-grantees for allowable expenditures on a quarterly basis and will submit an invoice to DOC for funds quarterly.



David Steingraber, Executive Director
Office of Justice Assistance

9/28/05
Date



Matthew J. Frank, Secretary
Department of Corrections

9/15/05
Date