



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #428

Interagency Fund Transfers (Justice)

[LFB 2011-13 Budget Summary: Page 275, #13, and Page 276, #14]

CURRENT LAW

The Wisconsin Statewide Information Center (WSIC) is not restricted to a law enforcement or terrorism focus, but rather, at the recommendation of the federal Department of Homeland Security, has been developed as an all crimes, all hazards information sharing center that has a broad emergency response focus. In an emergency, it is the responsibility of the WSIC to provide "actionable information" to assist Wisconsin Emergency Management (WEM) or other state and local agencies in coordinated response to the emergency. It is also the responsibility of the WSIC to serve as the state agency intelligence lead for any criminal investigation resulting from a major incident.

The threat liaison officer program trains government officials and members of the private sector across the state to: identify potential terrorist activity, report suspicious activity, respond to natural or man made catastrophic events, work to protect critical infrastructure, and engage in information sharing across disciplines. In carrying out this program, the state has been divided into six regions that mirror the regions developed by WEM. Each region is represented by a coordinating team. These teams include a local law enforcement or emergency manager, a member of the FBI, and an assigned Department of Justice (DOJ) analyst from the WSIC.

GOVERNOR

Delete \$462,100 PR and 5.0 PR positions annually from the PR continuing Law Enforcement Services interagency and intra-agency assistance appropriation associated with salary and fringe benefits funding for 5.0 positions under the WSIC. Provide an offsetting \$462,100 FED and 5.0 FED positions annually to the Law Enforcement Services federal aid, state operations appropriation.

Delete \$87,400 PR annually from the PR continuing Law Enforcement Services interagency and intra-agency assistance appropriation associated with salary and fringe benefits funding for a 1.0 project position under the threat liaison officer program. Provide an offsetting \$87,400 FED in 2011-12, and transfer this 1.0 project position to the Law Enforcement Services federal aid, state operations appropriation. [The Executive Budget Book has expressed an intention to extend this project position for its fourth and final year through June 30, 2012. As the position would be extended as a federal position, the executive branch can extend the position without legislative approval. As a result, the administration does not request the extension of this 1.0 position.]

DISCUSSION POINTS

1. The Department of Administration's Office of Justice Assistance (OJA) is the state agency that receives federal homeland security grant awards from the federal government. Both the WSIC and the threat liaison officer program are funded through federal homeland security grants awarded by OJA.

2. Under current budget practice, only federal funds directly received by an agency from the federal government are deposited to a federal appropriation. On a statewide basis, this practice provides the state a more accurate budget picture of the federal funding that is being received and expended by state agencies. If federal funds initially received by the sending state agency are deposited into a second federal appropriation in the receiving agency, the same federal grant dollars are double-counted for state budget purposes. Consistent with this practice, under current law, federal homeland security grants awarded by OJA to DOJ are deposited to the PR continuing Law Enforcement Services interagency and intra-agency assistance appropriation in DOJ.

3. Nonetheless, the Department has requested, and the Governor has recommended, permitting DOJ to deposit federal grant awards received from OJA into its Law Enforcement Services federal aid, state operations appropriation. In explaining the rationale for this proposed change, DOJ has indicated that:

"Federal funds are used to fund these programs. It is appropriate and beneficial to DOJ to move the position and related spending authority from the current PR continuing appropriations to a FED continuing appropriation. Federal appropriations are typically not subject to cuts, lapses and reductions in the same way as program revenue funding sources. Reporting and audit requirements for federal awards don't change due to where the funding is housed within a state budget."

4. In addition, DOA indicates that: "According to DOJ, for internal reporting, by querying on federal appropriations for intrafund and interfund transfers, they can easily see their federal pass-through grant receipts. Alternatively, if the funds are recorded in state appropriations, they are not able to tell the difference between a state grant and federal pass-through grant. These grants would then appear to be state grants making their grant reporting process muddled and giving them the impression that for these 'state' grants, compliance with federal regulations would not be required."

5. For the above reasons, the Committee could consider approving the Governor's recommendation to permit DOJ to deposit federal funds received from OJA to its Law Enforcement Services federal aid, state operations appropriation. [Alternative 1]

6. On the other hand, DOJ has successfully administered federal funds for years that have been deposited to its PR appropriations that were transferred from other state agencies. Likewise, state agencies across state government have also successfully administered federal funds that have been deposited to their PR appropriations from other state agencies. In addition, it may be worth noting that administration staff are not aware of any other state agency that has made a similar request under the bill. In order to maintain the current budget practice, which provides the state a more accurate budget picture of the federal funding that is being received and expended by state agencies, the Committee could consider deleting the provision. Under this alternative, as the threat liaison officer project position expires on June 30, 2012, funding associated with the position (\$87,400 PR) could also be removed in 2012-13, as under the bill. [Alternative 2]

7. In addition, it may be worth noting that under the bill, the funding source for the WSIC and the threat liaison officer program would change from PR to FED. While PR project positions must be approved by the Legislature, FED project positions may be created by the Governor without legislative oversight. If the Legislature wishes to retain its oversight over the creation of project positions under the current budget practice, the Committee could consider deleting the provision. [Alternative 2]

ALTERNATIVES

1. Approve the Governor's recommendation to transfer the funding and positions for the Wisconsin Statewide Information Center and the threat liaison officer program from the PR continuing Law Enforcement Services interagency and intra-agency assistance appropriation to the Law Enforcement Services federal aid, state operations appropriation.

2. Delete provision and remove \$87,400 PR in 2012-13 associated with a project position which expires on June 30, 2012.

ALT 2	Change to Bill	
	Funding	Positions
FED	- \$1,011,600	- 5.00
PR	<u>1,011,600</u>	<u>5.00</u>
Total	\$0	0.00

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