

State of Wisconsin

SENATE CHAIR
Alberta Darling

317 East, State Capitol
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Phone: (608) 266-5830



ASSEMBLY CHAIR
John Nygren

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Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: March 11, 2016

Re: s. 16.515/16.505(2), Stats. Request

Attached is a copy of a request from the Department of Administration, received March 11, 2016, pursuant to s. 16.515/16.505(2), Stats., on behalf of the Department of Justice.

Please review the material and notify **Senator Darling** or **Representative Nygren** no later than **Wednesday, March 30, 2016**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

AD:JN:jm



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT WALKER
GOVERNOR
SCOTT A. NEITZEL
SECRETARY
Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842

Date: March 11, 2016
To: The Honorable Alberta Darling, Co-Chair
Joint Committee on Finance
The Honorable John Nygren, Co-Chair
Joint Committee on Finance
From: Scott A. Neitzel, Secretary
Department of Administration
Subject: s. 16.515/16.505(2) Request(s)

RECEIVED
MAR 11 2016

BY: *St. Finance*

SM

Enclosed are request(s) that have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

AGENCY	DESCRIPTION	2015-16		2016-17	
		AMOUNT	FTE	AMOUNT	FTE
DOJ 20.455(2)(gr)	Handgun purchaser record check; checks for licenses or certifications to carry concealed weapons		11.0*		11.0*

* 3.0 FTE permanent positions and 8.0 FTE two-year project positions.

As provided in s. 16.515, the request(s) will be approved on April 1, 2016, unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about any of the requests.

Please contact Kirsten Grinde at 266-1353, or the analyst who reviewed the request in the Division of Executive Budget and Finance, if you have any additional questions.

Attachments

Date: March 10, 2016
To: Michael Heifetz
From: Andrew Potts
Subject: Section 16.505(2) Request

Attached is a s. 16.505(2) request analysis for your approval and processing. Listed below is a summary of each item:

DOA RECOMMENDATION:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2015-16</u>		<u>2016-17</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DOJ 20.455(2)(gr)	Handgun purchaser record check; checks for licenses or certifications to carry concealed weapons		11.0*		11.0*

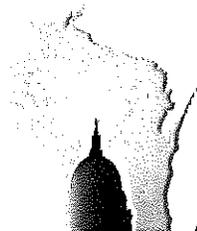
* 3.0 FTE license permit program associate permanent positions and 8.0 FTE license permit program associate two-year project positions.

AGENCY REQUEST:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>2015-16</u>		<u>2016-17</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
DOJ 20.455(2)(gr)	Handgun purchaser record check; checks for licenses or certifications to carry concealed weapons		18.0*		18.0*

* 8.0 FTE license permit program associate permanent positions and 10.0 FTE license permit program associate two-year project positions.

MGH APPROVAL 03-10-16 ^{MGH} (FORWARD TO KIRSTEN GRINDE)



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT WALKER
GOVERNOR
SCOTT A. NEITZEL
SECRETARY

Division of Executive Budget and Finance
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1736
Fax (608) 267-0372
TTY (608) 267-9629

Date: March 10, 2016

To: Scott A. Neitzel, Secretary
Department of Administration

From: Andrew R. Potts
Executive Policy and Budget Analyst

Subject: Request under s. 16.505 from the Department of Justice for position authority for 8.0 FTE permanent positions and 10.0 FTE project positions for implementation of the handgun purchaser record check and concealed weapon licensing system.

Request:

The Department of Justice requests to create 8.0 FTE permanent positions and 10.0 FTE two-year project positions to implement the production and distribution of concealed carry licenses and complete the handgun purchaser record check program within the time constraints required by 2011 Wisconsin Act 35.

Revenue Sources for Appropriation(s):

The revenue source is firearm restriction record search and concealed carry licensing fee revenues from the handgun purchaser record check; checks for licenses or certifications to carry concealed weapons appropriation under s. 20.455(2)(gr). The appropriation is a program revenue, all moneys received appropriation, and any expenditure authority adjustments will be handled administratively. Under Act 35, the department is authorized to charge a maximum fee of \$10 for handgun purchaser record checks and may charge a maximum fee of \$37 for the concealed carry license application and \$10 for the background check for concealed carry applicants. By administrative rule, the department has set the concealed carry license fee at \$30, and charges the statutory maximum permitted for the record checks for handgun purchases and background checks for concealed carry applications.

Background:

On July 8, 2011, Governor Walker signed Act 35 into law creating a process whereby eligible residents can obtain a license to carry a concealed weapon. Act 35 authorized \$236,700 in fiscal year 2011-12 for salaries and fringe benefits to fill 1.0 FTE position and 10.0 six-month LTE positions. Effective November 1, 2011, Wisconsin residents began applying for a license to carry a concealed weapon. Each approved applicant must receive a department-issued license, which contains information specified in the

Scott A. Neitzel, Secretary
Page 2
March 10, 2016

act, within strict statutory time parameters. Effective December 1, 2011, Act 35 required the department to review and either deny or issue a license within 21 days of receipt. Once approved, the licenses are renewable every five years for a fee of \$25 per applicant. Therefore, initial licenses will begin renewing on November 1, 2016.

To meet the statutorily required time frame and consistently high volume of concealed carry applications, the department submitted a s. 16.505/515 request for an additional 8.5 FTE PR permanent positions and 6.0 FTE PR project positions and related spending authority on November 16, 2011. On December 14, 2011, the request was approved without objection by the Joint Committee on Finance. The department was still unable to meet the continued high demand and on May 5, 2012, requested an additional 8.0 FTE PR project positions. On July 3, 2012, the request was approved without objection by the Committee. The department requested and received a one-year extension for 5.0 FTE PR project positions and a two-year extension for 1.0 FTE PR project position on July 2, 2013. Also on July 2, 2013, the department received authorization for an additional 1.0 FTE PR permanent position, an operations program associate. The department requested and received a one-year extension for 5.0 FTE PR project positions on July 7, 2014, while allowing 8.0 FTE PR project positions to expire. The department requested and received a one-year extension for 3.0 FTE PR project positions on August 24, 2015, while allowing 3.0 FTE PR project positions to expire. The remaining project positions will expire on July 3, 2016, and can no longer be extended.

The department requests the creation of 7.0 FTE PR permanent license permit program associate positions, 1.0 FTE PR permanent justice program supervisor position and 10.0 FTE PR two-year project license permit program associate positions.

The license permit program associates have a salary of \$15.42 per hour and the justice program supervisor has a salary of \$22.47 per hour. The department's request includes an estimated cost for fiscal year 2015-16 of \$167,911 in salary, \$65,938 in fringe benefits, \$47,534 in supplies and services and \$81,450 of one-time financing, for a total estimated cost of \$362,833. In the supplies and services line item, the department estimates that it will have per capita spending of approximately \$7,700 for fixed costs such as rent and utilities, \$1,000 for IT support and \$500 for general supplies. Each position has one-time costs of \$4,525, including \$2,900 for furniture and \$1,625 for computer equipment. The department's request includes an estimated cost for fiscal year 2016-17 of \$591,989 in salary, \$232,474 in fringe benefits and \$165,600 in supplies and services, for a total estimated cost of \$990,063.

During the period of November 23, 2015, to February 11, 2016, the department averaged 1,115 applications per week. This is a decrease from the 2,000 applications per week the department was receiving during fiscal year 2011-12, but an increase from the 854 applications per week during fiscal year 2013-14 and 645 applications per week during fiscal year 2014-15.

Analysis:

Scott A. Neitzel, Secretary

Page 3

March 10, 2016

The department's Firearms Unit personnel perform all of the operational functions for the statutorily prescribed background checks, including handgun purchase background checks and concealed carry background checks. The department is currently authorized to have 3.0 FTE project positions to assist the 18.5 FTE permanent positions. The processing of applications is performed by license permit program associates. Of the Firearms Unit's 21.5 FTE positions, 16.0 FTE are license permit program associates. In order to meet the statutory requirements of the concealed carry program, the department is requesting 8.0 FTE permanent positions and 10.0 FTE project positions. Of the 18.0 FTE positions requested, 17.0 FTE are license permit program associates.

The department receives large volumes of conviction and other court firearm restriction information. This information must be cross-checked against the application database and, if a match is found, the appropriate suspension or revocation action must be taken. The department is also responsible for reissuing suspended licenses once a court restriction has been lifted, and for fixing numerous address changes and replacement licenses for those that have been stolen or lost. The department's electronic concealed carry application process was initially scheduled for a June 30, 2015, deployment, but the department announced in 2015 that implementation had been delayed until early 2016. The department has since indicated that the system is still not functional, but that it will be implemented in 2016. The department estimates that approximately 10 percent of applications will be automatically processed by the system, leaving 90 percent of the applications to be manually processed by a license permit program associate.

It appears that applications for concealed carry permits peaked at approximately 2,000 applications per week for the 24-month period immediately subsequent to the creation of the concealed carry permit program. During the application peak, license permit program associates in the Firearms Unit processed between 71 and 118 applications per person per week. At a rate of 854 applications per week, Firearms Unit personnel were processing approximately 47 applications per person per week during fiscal year 2013-14; while at a rate of 645 applications per week, they were processing approximately 36 applications per person per week during fiscal year 2014-15. Due to the low volume of applications, the department declined to renew a number of project positions, which expired in 2014 and 2015.

The department estimates that it currently receives an average of 822 new applications for concealed carry permits per week. In addition, beginning on November 1 current concealed carry permit holders may begin to renew their permits. The department indicates that the expected renewal rate is between 75 percent and 80 percent. Based on the initial application rate of 2,000 applications per week, a renewal rate of 75 percent would equate to approximately 1,500 renewal applications per week. Assuming that the department continues to receive new permit applications at rate of 822 new applications per week, it appears reasonable to anticipate that the Firearms Unit will process approximately 2,322 applications per week. Assuming that 10 percent of applications will be automatically processed by the electronic concealed

Scott A. Neitzel, Secretary

Page 4

March 10, 2016

carry application system, license permit program associates will need to manually process 2,090 applications per week.

The department currently has 3.0 FTE license permit program associate project positions. The positions will expire on July 3, 2016, and can no longer be extended. Given that the positions have been utilized by the department as a de facto part of the regular workforce for nearly four years, it is reasonable to create 3.0 FTE license permit program associate permanent positions.

The department must also process an additional 1,500 renewal applications per week. It is anticipated that this period will last for approximately 24 months, mirroring the first 24 months during the initial enrollment period. It would appear that providing 8.0 FTE two-year project positions would be the best way to handle the short-term influx of renewal applications. With 24.0 FTE license permit program associate positions – 16.0 FTE permanent positions and 8.0 FTE two-year project positions – the Firearms Unit would process approximately 87 applications per person per week. A weekly per capita rate of 87 applications would be within the department's historic per capita range since the department began issuing licenses in 2011. Once the renewal rate drops after the initial 24-month period, the 16.0 FTE permanent positions would process approximately 51 applications per person per week. If the large numbers of renewals do not subside after 24 months, the department could request an extension of the project positions.

The department does not believe that demand for new concealed carry permits will drop significantly in the next 6 to 12 months. However, should demand for licenses decrease, work will be shifted to scanning and uploading documents into the electronic records system and manual data entry, which would subsequently reduce the amount of work that needs to be sent to other department personnel.

Funds to support this request will come from the licensing fee revenue received from the concealed carry permit applications and handgun purchaser record checks. By administrative rule, the department has set the concealed carry license fee at \$30. The handgun purchaser record checks fee and concealed carry background check fee had previously been \$13, but were reduced under the previous biennial budget, 2013 Wisconsin Act 20, and the department currently charges \$10 for each. The fee was reduced due to a surplus in the fund balance at the time. In addition, Act 20 lapsed approximately \$1.84 million from the handgun purchaser record check; checks for licenses or certifications to carry concealed weapons appropriation to the general fund.

License fee revenue is expected to generate approximately \$1.6 million in fiscal year 2015-16 and \$3.5 million in fiscal year 2016-17. The appropriation currently has a cash balance of approximately \$2.3 million.

Recommendation:

Approve 3.0 FTE permanent positions and 8.0 FTE two-year project positions.



STATE OF WISCONSIN
DEPARTMENT OF JUSTICE

BRAD D. SCHIMEL
ATTORNEY GENERAL

Andrew C. Cook
Deputy Attorney General

114 East, State Capitol
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608/266-1221
TTY 1-800-947-3529

December 15, 2015

Michael Heifetz, Director
State Budget Office
Department of Administration
P.O. Box 7864
Madison, WI 53707-7864

RE: Department of Justice Wis. Stats. § 16.505(2) request for positions to support statutorily required operations of the state concealed carry weapon (CCW) licensing program

Dear Director Heifetz:

Under Wis. Stat. § 16.505(2), the Department of Justice (DOJ) requests authority to create 8.0 Full Time Equivalent (FTE) permanent positions to begin February 22, 2016; (7.0 FTE permanent License Permit Program Associate (LPPA) positions and 1.0 Justice Program Supervisor); and 10.0 FTE project LPPA positions to begin April 1, 2016 for a period lasting 24 months. These staff are necessary to adequately support the statutorily required operations associated with the production and distribution of concealed carry licenses and renewals within the timeframes required by 2011 Wisconsin Act 35.

This request will require increased funding of \$362,833 in FY16 and \$990,063 in FY17 in the program revenue continuing appropriation, *20.455(2)(gr)-Handgun purchaser record check; checks for licenses or certifications to carry concealed weapons*. Funds to support this request will come from licensing fee revenue received during FY16 estimated at \$1.6 million from an additional 40,000 new license applications; FY17 estimated at \$1.6 million from an additional 40,000 new license applications and an estimated \$1.91 million from 86,639 application renewals; and FY18 estimated at \$1.44 million from an additional 36,000 new license applications and an estimated \$1.27 million from

57,689 application renewals. These estimates are based on 37,376 applications received between July 1, 2014 and July 1, 2015 at the average intake rate of 719 applications per week and an estimated 75% of the 115,518 licenses issued in FY12 and 76,919 issued in FY13 being renewed as they expire. It also accounts for an increased rate of application for concealed carry licenses from July 1, 2015 to December 8, 2015. The rate of weekly applications for this period is up approximately 20 percent.

The DOJ Firearms Unit personnel perform all of the operational functions for the statutorily prescribed firearms program including handgun purchase background checks and the concealed carry and the concealed carry licensing program. The program revenue appropriation, 20.455(2)(gr) - *Handgun purchaser record check; checks for licenses or certifications to carry concealed weapons*, is currently authorized 21.5 positions. The 21.5 FTE positions are comprised of 13.0 License and Permit Program Associate (LPPA) positions, 3.0 LPPA project positions (expiring July 3, 2016), 2.0 Justice Program Supervisor positions, 1.0 Office Associate position, 2.0 Information Technology positions, and 0.5 Assistant Attorney General position.

Tragic events in the United States and overseas have caused surges in the number of applications for CCW permits and firearms sales, causing additional pressure on DOJ staff to maintain a good customer experience and meet the statutory deadlines for processing timely background checks. With continued high demand for new licenses, anticipated license renewals, and increasing maintenance, additional permanent positions are needed to complete these tasks in accordance with state statutes.

Due to significant workload, the Firearms Unit is experiencing several challenges to complete all of the tasks for unit operations. A significant proportion of the unit's work is governed by statutory deadlines that require the work unit to prioritize tasks with attention to secondary activities - which are no less important activities - as resources permit. This includes updating the "Indicator for Firearms Sales" (IFFS) flags with the NICS section of the FBI, reciprocity survey of other states' concealed carry programs, and handling of daily telephone calls from the public. This task prioritization has also diminished the ability of the unit to cross-train its personnel as the resources required to conduct the training would greatly reduce the ability of personnel to meet existing responsibilities.

With fewer current personnel than at this time in 2014, mandatory tasks to run the firearms program are distributed to fewer available personnel. For example, the Firearms Unit receives daily requests for information from the National Instant Criminal Background Check System (NICS) regarding federal firearms background checks. The reduced staffing level has resulted in a higher number of NICS requests per staff member. Based on the most recent data, the

unit receives on average 15.8 NICS requests per day, seven days a week and each request takes an average of one hour to complete. During the second week of November 2015, the number of NICS follow-up requests surged to 438 in one week. Additionally, on November 27, 2015, the Firearms Unit set a new daily record for handgun hotline background check requests when it received 1,752 requests in one day.

The concealed carry program in Wisconsin has received a tremendous amount of interest with applications received since the start of the program now surpassing 313,000 and over 275,000 individual license numbers issued. The DOJ has continued to see steady demand for concealed carry licenses with a nearly 13 percent increase in applications received to date in 2015 compared to 2014. Between January 1, 2015 and November 24, 2015, DOJ received 38,956 applications while in 2014 DOJ had received 34,608 for the same time period. The DOJ has seen a similar 21 percent increase in the number of handgun purchase background checks. Between January 1, 2015 and November 29, 2015, DOJ performed 112,347 handgun background checks while in 2014 DOJ performed 93,128 for the same time period. The DOJ is currently averaging 822 new CCW applications and 2,333 handgun purchases per week for a total of 3,155 background checks per week. Based on FY15 statistics, the Firearm Unit staff completed on average of 150 background checks per week per person. The DOJ anticipates a 75 percent CCW renewal rate and a 10 percent instant approval for processing of CCW renewals and handgun purchase background checks. This results in a long-term weekly average of 3,477 background checks per week. 3,477 background checks at 150 per person results in 23 personnel needed (there are 16 LPPAs currently plus this request for 7 new permanent LPPA positions). The requested project positions will address the anticipated initial surge in renewals beginning July 1, 2016, while giving current staff enough time to train new personnel prior to the surge.

As the CCW database grows, maintenance work grows proportionately. DOJ receives large volumes of conviction and other court firearm restriction information on a daily basis that must be crosschecked against the database and appropriate suspension or revocation action taken. DOJ is responsible for the reinstatement of suspended licenses once the court restriction has been lifted as well as address changes, name change notifications, and replacement licenses for those that have been lost or stolen.

Because the workload of the Firearms Unit has increased from 2014 levels while personnel levels have been reduced, unit supervisors have had to step in to perform line staff responsibilities, including opening mail and rendering decisions on applications. This has impacted supervisors' abilities to meet their own responsibilities. Other impacts include temporary assignment of Firearms Unit duties to other Crime Information Bureau personnel and authorizing the use of overtime to meet the current demand for CCW licenses and licensee data

maintenance. An additional Justice Program Supervisor is necessary to meet the increasing demand. Further, it is expected that the new requested supervisor would work a night shift to lengthen the processing day.

While preparations have already begun, it is July 1, 2016 that the Firearms Unit will actually begin processing CCW license renewals. The Firearms Unit will mail renewal notices to licensees, and it is anticipated that the first renewal applications will be received by the department shortly thereafter. DOJ is expecting to mail out nearly 80,000 renewal notices between July 1, 2016 and November 1, 2016. To date, Wisconsin residents have shown very high level of interest in concealed carry licenses; therefore, it is anticipated that the department will also experience a very high rate of license renewals, especially for the initial licenses issued. License renewals will significantly increase the unit's workload. 2011 Wisconsin Act 35 allowed for an additional processing time for the first two months of the CCW program; 45 days versus 21 days. Additional processing time was not incorporated into the initial renewal process. DOJ will therefore be required to process all renewals within 21 days, despite the expectation that a surge of renewals will occur comparable to the number of licenses issued in 2011.

Deployment of a new concealed carry software application is expected in early 2016. Once completed, it is anticipated that the new application will reduce data entry workload, but not eliminate it entirely as the department will continue to receive new applications and renewal applications by mail. Regardless of how the department receives the application, each new application and renewal will require the completion of a background check. Based on the experience of the Firearms Unit and the application employed to facilitate background checks for the transfer of handguns, it is projected that the new CCW application will render instant background check approvals for approximately 10 percent of new applications and renewals received. New online applications will still require a manual review of the training documentation to ensure they meet the acceptable training prerequisites. Based on estimates of anticipated new license applications and renewal license requests, a 10 percent instant approval rate would leave approximately 110,825 CCW background checks to be manually completed in FY17, and 84,320 CCW background checks to be manually completed in FY18. Of these numbers, manual license renewal background checks in FY17 of 77,975 and manual license renewal background checks in FY18 of 69,227, represent new statutorily required workload for the unit beginning July 1, 2016.

In order to prepare for the CCW license renewal process beginning July 1, 2016, the Department has identified April 1, 2016 as the start date for the second group of additional positions to allow for training of the new staff.

The additional staff and estimated cost for FY16 is as follows:

7.0	Permanent License Permit Program Associates (LPPA) to begin 2/22/16	
	\$15.42/hr Salary	\$ 77,717
	Fringe Benefits	\$ 30,519
	Supplies & Services	\$ 21,467
	One-time Financing	<u>\$ 31,675</u>
	Total (partial year):	\$161,378
1.0	Permanent Justice Program Supervisor to begin 2/22/16	
	\$22.47/hr Salary	\$ 16,178
	Fringe Benefits	\$ 6,353
	Supplies & Services	\$ 3,067
	One-time Financing	<u>\$ 4,525</u>
	Total (partial year):	\$ 30,123
10.0	Project License Permit Program Associates (LPPA) to begin 4/1/16	
	\$15.42/hr Salary	\$ 74,016
	Fringe Benefits	\$ 29,066
	Supplies & Services	\$ 23,000
	One-time Financing	<u>\$ 45,250</u>
	Total (partial year):	\$171,332

The additional staff and estimated cost for FY17 is as follows:

7.0	Permanent License Permit Program Associates (LPPA)	
	\$15.42/hr Salary	\$ 224,515
	Fringe Benefits	\$ 88,167
	Supplies & Services	<u>\$ 64,400</u>
	Total (annual):	\$ 377,082
1.0	Permanent Justice Program Supervisor	
	\$22.47/hr Salary	\$ 46,738
	Fringe Benefits	\$ 18,354
	Supplies & Services	<u>\$ 9,200</u>
	Total (annual):	\$ 74,292
10.0	Project License Permit Program Associates (LPPA)	
	\$15.42/hr Salary	\$320,736
	Fringe Benefits	\$125,953
	Supplies & Services	<u>\$ 92,000</u>
	Total (annual):	\$538,689

Mr. Michael Heifetz

Page 6

Thank you very much for your consideration of DOJ's request. Should you have any questions or require additional information, please contact Karen Van Schoonhoven, Budget Director, at (608) 267-6714.

Very truly yours,

A handwritten signature in black ink, appearing to read "A. Cook", written over a horizontal line.

Andrew C. Cook
Deputy Attorney General

ACC: kvs

cc: Karen Van Schoonhoven
Mike Austin
Brian O'Keefe
Bonnie Cyganek