

**SUBJECT:** FY 2008 Laboratory Certification Fee Adjustment

**FOR:** MARCH 2007 **BOARD MEETING**

**TO BE PRESENTED BY:** David Webb, Bureau of Science Services

**SUMMARY:**

Section 299.11 (9), Wis. Stats., requires the Department to promulgate a graduated schedule of fees for certified and registered laboratories to recover the costs of administering the Laboratory Certification and Registration Program. The fee schedule for each fiscal year is determined using the formula specified in s. NR 149.05, Wis. Adm. Code. The formula uses a relative value system to distribute equitably the costs of administering the program among all participating laboratories. Different fee items are assigned by rule a number of relative value units (RVU). The cost of a relative value unit is determined by dividing operating costs, after subtracting any refundable expenses, by the number of RVUs available for a fiscal year. Section NR 149.05, Wis. Adm. Code, requires the Natural Resources Board to approve all annual fee adjustments.

For FY 2008, the program is projecting operating costs of \$638,318. This figure represents an increase of \$70,018 from the program's FY 2007 budget and is needed to offset salary and fringe benefit increases for the program staff. Nevertheless, the program's FY 2008 budget is \$71,782 below its FY 2008 spending authority of \$710,100. The number of laboratories participating in the program has remained relatively stable, with a loss of 8 laboratories that contributed 237 RVUs, or a decrease of 2.5% billable units. The cost of an RVU for FY 2008 will be \$64.50.

Details of the program's FY 2008 budget and proposed fee adjustment are included in the attached background memorandum.

**RECOMMENDATION:** Approval of the proposed FY 2008 laboratory certification and registration fee adjustment.

**LIST OF ATTACHED MATERIALS:**

- |    |                                     |   |     |                                     |          |
|----|-------------------------------------|---|-----|-------------------------------------|----------|
| No | <input type="checkbox"/>            | Fiscal Estimate Required                              | Yes | <input checked="" type="checkbox"/> | Attached |
| No | <input checked="" type="checkbox"/> | Environmental Assessment or Impact Statement Required | Yes | <input type="checkbox"/>            | Attached |
| No | <input type="checkbox"/>            | Background Memo                                       | Yes | <input checked="" type="checkbox"/> | Attached |

**APPROVED:**

_____ /s/	2/16/07
Bureau Director,	Date
_____ /s/	2/16/07
Administrator,	Date
_____ /s/	2/16/07
Secretary, Scott Hassett	Date

- |                           |                          |
|---------------------------|--------------------------|
| cc: Laurie J. Ross - AD/5 | Carol Turner - LS/5      |
| D. Webb - SS/G3           | Cheryl Krull - FN/1      |
| A. Sotomayor - SS/G3      | John R. Sullivan - SS/G3 |
| Lance Potter - MB/5       | Amy Smith - AD/5         |
| Joseph W. Renville - LS/5 | Thomas Van Haren - AD/5  |

DATE: February 19, 2007

TO: Natural Resources Board Members

FROM: Scott Hassett, Secretary

SUBJECT: FY 2008 Laboratory Certification and Registration Fee Adjustment

**Background**

Section 299.11(9), Wis. Stats., authorizes the Department to promulgate a graduated schedule of fees to recover the costs of administering the Laboratory Certification and Registration Program. Chapter NR 149, Wis. Adm. Code, was revised in 1996 to establish a relative value system for determining annual fee adjustments. The system is designed to distribute equitably the costs of operating the program among all participating laboratories.

Fees are determined using the formula in s. NR 149.05. The formula determines the program's fee schedule for each fiscal year and is tied to the number of laboratories participating in the program, and the program's expenditure authority determined under s. 20.370(3)(fj), Wis. Stats. Laboratories participating in the program must pay renewal fees in full to maintain their certifications and registrations.

Section NR 149.05(1)(b), Wis. Adm. Code, requires that the annual fee adjustments be reviewed by the Certification Standards Review Council and approved by the Natural Resources Board. Laboratory certification and registration fees are included in the Department's consolidated fee billing statements, which are mailed to facilities in early May. The Department needs Board approval for this fee adjustment in March to avoid any delays in processing fee statements and renewing the certification and registration of participating laboratories.

**Recommendation for Board Action**

The Department recommends the Board approve the program's FY 2008 fee adjustment proposal. Under this proposal, the Department will collect sufficient fee revenue to operate the program at \$71,782 below its \$710,100 spending authority. The cost per relative value unit (RVU) will increase 11%, from \$58.00 to \$64.50, almost exclusively to recover contractual salary and fringe benefit increases for program staff.

The remainder of this memorandum describes the fee adjustment proposal and its effect on regulated laboratories in greater detail.

## **Laboratory Certification and Registration Program Overview**

The Laboratory Certification and Registration Program is managed by the Environmental Science Services Section in the Bureau of Science Services of the Division of Enforcement and Science. The program ensures the quality and defensibility of the environmental laboratory data submitted to the Department through regular laboratory on-site evaluations, proficiency testing, and outreach efforts. By rule, all laboratories submitting data to the Department's covered programs must be certified or registered under ch. NR 149 to perform the tests generating such data. These data are integral to many of the Department's environmental quality rules and regulatory programs.

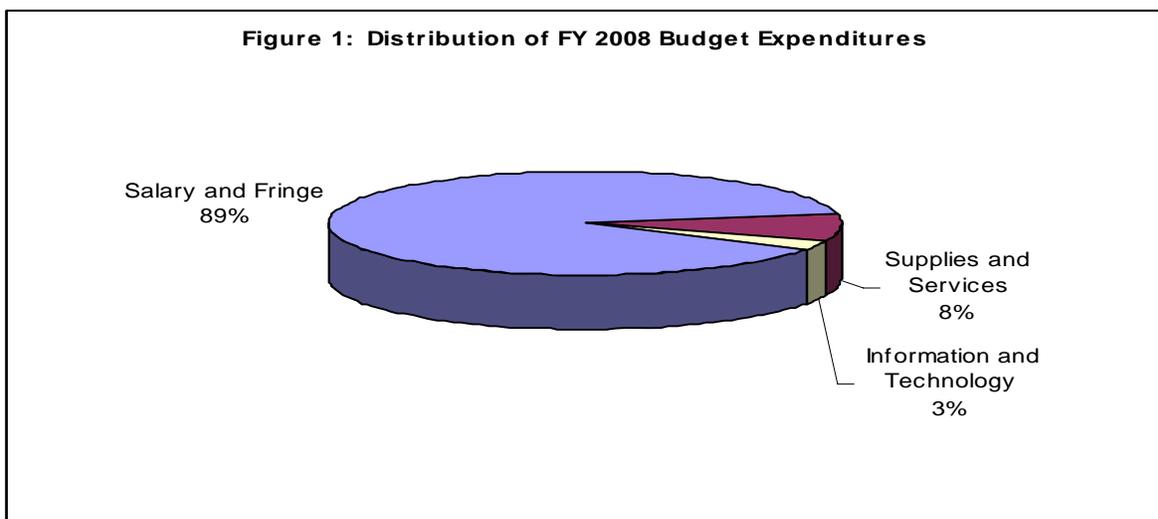
Certified laboratories perform testing services for hire. Registered laboratories perform testing solely on behalf of their own facility or municipality, or a subsidiary or corporation under common ownership or control. At the time this proposal was drafted, 428 laboratories located in Wisconsin and in 18 other states participated in the program. The Department currently certifies 57 out of state laboratories. Eight of those laboratories are certified through reciprocal agreements with the states of Michigan, North Carolina, and Washington. The Department directly administers certification for the remainder.

## **FY 2008 Budget**

The program is submitting a budget of \$638,318 for FY 2008. This figure is \$70,018 more than the program's FY 2007 budget, but is still \$71,782 below its \$710,100 spending authority for FY 2008. The additional funds are required to fund salary increases granted in FY2007 and expected contractual increases in salary and fringe benefits for FY 2008. The expenses projected for the sum of all other program expenses is \$900 below the sum of the same types of expenses in the FY 2007 budget.

## **Projected FY 2008 Expenditures**

Salary and fringe benefits constitute \$566,518 of the program's FY 2008 budget. The remaining \$71,800 is distributed between allocations for supplies and services and information and technology. Figure 1 below illustrates the distribution of the program's FY 2008 budget expenditures.



### Salary and Fringe

Salary and fringe benefits are the principal contributors to the program's costs. The FY 2008 salary and fringe expenses total \$566,518 and account for 89% of the program's budget. The program's fee revenue will fund 7.39 full time equivalent (FTE) positions in FY 2008. One FTE position is assigned to a Program Chemist and Training Coordinator that performs most of the program's administrative tasks and develops and presents outreach materials and training sessions for laboratories and data users. The program's fee revenue also funds 39% of the Environmental Science Services Section Chief position. The remaining staff perform compliance evaluations of the 428 laboratories enrolled in the program and provide technical and regulatory support to Department staff and the regulated laboratory community.

The FY 2008 projected cost for salary and fringe is \$70,918 more (14.3%) than the corresponding costs in the FY 2007 budget. Salary expenditures for FY 2008 are projected to be \$38,922 (11.4%) more than the corresponding costs in FY 2007. Fringe projected increases for FY 2008 are \$31,996 (20.9%) more than those for FY 2007. Fringe costs for FY 2008 are 48.5% of salary. For FY 2007, fringe costs were 44.6% of salary.

### Supplies and Services

Supplies and services account for \$53,800 (8%) of the program's budget. This amount is \$100 less than that budgeted for FY 2007.

Projected costs for in-state travel to perform laboratory evaluations have increased \$4,300 from the amount projected for FY 2007. Conversely, the projected costs for out-of-state travel to perform laboratory evaluations have decreased in FY 2008 by \$5,200. The sum of projected travel expenses for in and out-of-state evaluations of laboratories in FY 2008 is \$900 less than the sum of the same expenses projected in FY 2007. It is important to note, however, that although out-of-state evaluation travel expenses are included in the program budget, the Department recovers these expenses by billing all out-of-state laboratories for all evaluation-related travel expenses. In turn, per s. NR 149.05, these expenses are not included in the calculation of the program's fee schedule.

Following the advice of the Certification Standards Review Council, the Department is projecting spending \$15,000 to partner with the Wisconsin State Laboratory of Hygiene to produce outreach materials for the state's certified and registered laboratories. These materials include educational documents and workshops to help laboratories increase their knowledge of environmental test procedures and promote a better understanding of state and federal regulations affecting laboratories. The materials the Department has developed in the past have proven effective in increasing laboratory compliance with program requirements and improving the general quality and defensibility of the data provided to the Department's covered programs.

For FY 2008, the program is not projecting any expenses for building rentals costs assessed by the Department of Administration. However, the Department estimates that for FY 2009, the Laboratory Certification and Registration Program contribution to the rental chargebacks may amount to \$7,000.

### Information and Technology (IT)

The programs \$18,000 FY 2008 IT budget (3% of the total budget) is \$800 less (4.25%) less than the amount projected for FY 2007.

Table 1 provides an itemized summary of the program's FY 2008 budget.

**Table 1: FY 2008 Laboratory Certification Program Budget**

<b>BUDGET ITEM</b>	<b>FY 2008 BUDGET</b>	
<b>Salary and Fringe</b>		
FTE Salary	\$	381,622
FTE Fringe	\$	184,896
<b>Subtotal: Salary and Fringe</b>	\$	<b>566,518</b>
<b>Supplies and Services</b>		
Office Supplies, Services, and Equipment	\$	1,800
In-State Travel for Laboratory Evaluations	\$	14,200
Out-of-State Travel for Laboratory Evaluations*	\$	13,000
Outreach	\$	15,000
Staff Training	\$	4,000
Postage	\$	2,500
Printing and Copying Services	\$	800
Telecommunications	\$	2,500
<b>Subtotal: Supplies and Services</b>	\$	<b>53,800</b>
<b>Information and Technology</b>		
Computers and Software	\$	10,000
BTS Support Charges	\$	8,000
<b>Subtotal: Information and Technology</b>	\$	<b>18,000</b>
<b>TOTAL FY 2008 BUDGET</b>	\$	<b>638,318</b>

*\*Not included in total used for fee calculations.*

## Fee Revenue Necessary to Fund FY 2008 Budget

Section NR 149.05, Wis. Adm. Code, authorizes the Department to collect sufficient fee revenue to recover the cost of administering the program. Fees are charged to all laboratories enrolled in the program. The program historically has strived to keep these fees as low as possible by consistently submitting budgets below the program's spending authority, as demonstrated by Table 2.

**Table 2: Historical Comparison of Program Budget and Ch. 20 Spending Authority**

<b>Fiscal Year</b>	<b>Ch. 20 Spending Authority</b>	<b>Program Budget</b>	<b>Difference</b>
1996	<b>\$447,400</b>	<b>\$365,168</b>	<b>\$82,232</b>
1997	<b>\$451,400</b>	<b>\$435,665</b>	<b>\$15,735</b>
1998	<b>\$475,350</b>	<b>\$469,993</b>	<b>\$5,357</b>
1999	<b>\$516,000</b>	<b>\$516,100</b>	<b>\$0</b>
2000	<b>\$539,100</b>	<b>\$521,150</b>	<b>\$17,950</b>
2001	<b>\$539,100</b>	<b>\$539,100</b>	<b>\$0</b>
2002	<b>\$572,200</b>	<b>\$517,229</b>	<b>\$54,971</b>
2003	<b>\$572,200</b>	<b>\$526,846</b>	<b>\$45,154</b>
2004	<b>\$598,700</b>	<b>\$546,736</b>	<b>\$51,964</b>
2005	<b>\$598,700</b>	<b>\$551,558</b>	<b>\$47,142</b>
2006	<b>\$660,800</b>	<b>\$578,100</b>	<b>\$82,700</b>
2007	<b>\$660,800</b>	<b>\$568,300</b>	<b>\$95,500</b>
2008	<b>\$710,100</b>	<b>\$638,318</b>	<b>\$71,782</b>

Out-of-state laboratories are billed directly for all evaluation-related travel expenses. The Department must budget for these expenses, but because the costs will be reimbursed by the out-of-state laboratories, the program does not need to collect fee revenue to fund the costs. Subtracting \$13,000 for these projected, but reimbursable travel expenditures leaves \$625,318.

During FY 2007 two employees left the program for other positions with the Department. A portion of the revenue in salary and fringe benefits accrued from the vacancies, \$29,445.30, has been used to offset the fees to be collected from participating laboratories. Subtracting this amount from \$625,318, leaves \$595,872.70 that the Department will need to collect in fee revenue to fund the remainder of the program's FY 2008 operating expenses. This represents an increase of \$45,772.70 (8.32%) over the amount of fee revenue needed to fully fund the program in FY 2007.

## Determination of FY 2008 Fee Schedule

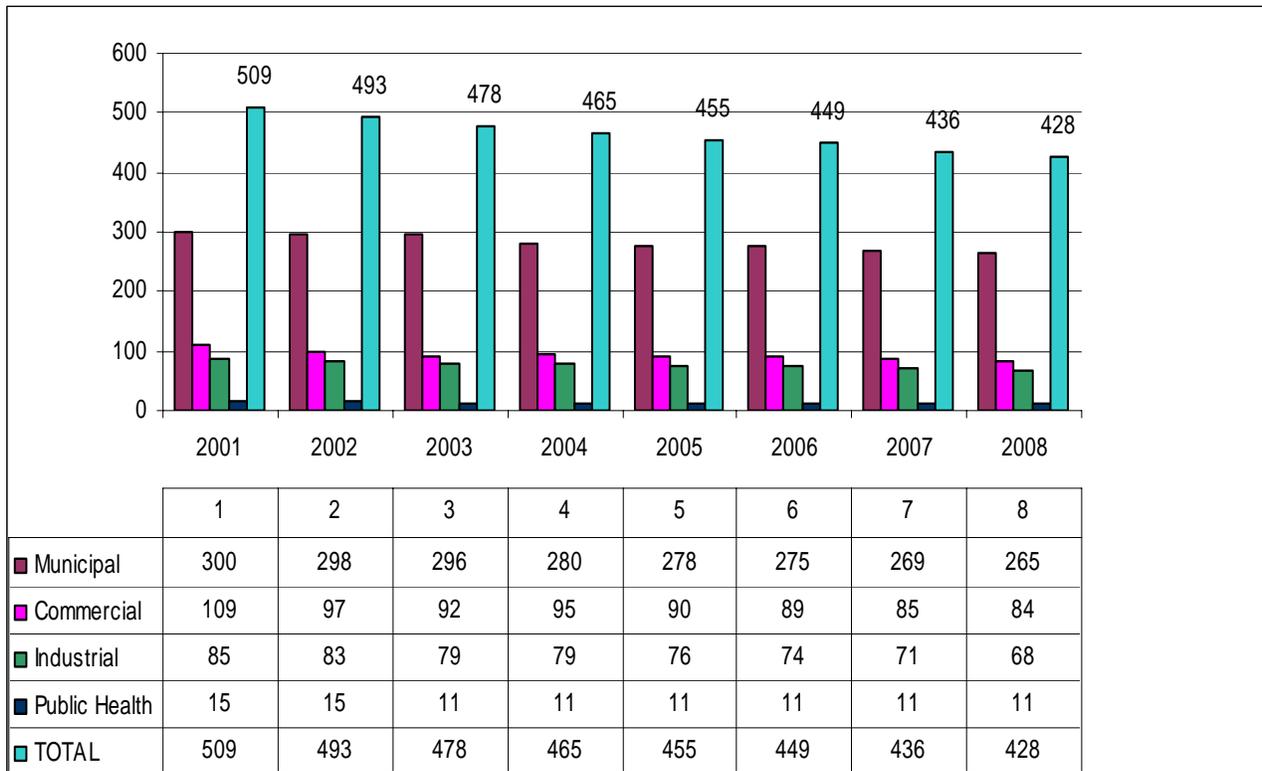
The fee formula established in s. NR 149.05 uses a relative value system to distribute equitably the cost of administering the program among all participating laboratories. The system defines a relative value unit (RVU) as a base for costs. The relative value of each fee item is specified in ch. NR 149, Wis. Adm. Code, Table 2. RVUs are assigned based on the complexity of an item or the associated effort in managing the item. For example, evaluating analyses of dioxin (12 RVU) is more complex than evaluating analyses of chlorides (2 RVU), and managing the certifications of commercial laboratories (15 RVU) requires more effort than managing the registrations of non-commercial laboratories (10 RVU).

The cost per RVU is determined by dividing the program's budgeted operating expenses, excluding out-of-state evaluation travel expenses, and for FY 2008, the salary and fringe rollovers from the program vacancies, by the number of available RVUs. The cost of each fee item is then determined by multiplying the number of RVUs assigned to an item by the cost per RVU.

The number of RVUs available for each fiscal year depends on the number of laboratories certified or registered for each fee item. As Figure 2 illustrates, there will be 8 fewer laboratories participating in the program at the onset of FY 2008

than there were at the onset of FY 2007, a decrease of approximately 2%, indicating a relatively stable participant laboratory population.

**Figure 2: Number of Laboratories by Fiscal Year**



For FY 2008, the Department projects that 428 laboratories will be certified or registered for a total of 2099 fee items encompassing 9,232 RVUs. This represents a decrease of 237 RVUs, or 2.5% of the RVUs available in FY 2007.

The FY 2008 cost per RVU is calculated by dividing the \$595,872.70 required fee revenue by the 9,232 RVUs available, which yields an FY 2008 cost per RVU of \$64.50, rounded to the nearest half dollar. Appendix A provides a summary of the numbers of certified and registered laboratories, available RVUs, and costs per fee item for each of the past three fiscal years.

Table 3 summarizes alternative premises for fee collection and the effect they would have on laboratory fees and the program’s balance sheet.

**Table 3: Alternative Bases for Fee Collection**  
(With Salary and Fringe Rollover)

Item for Comparison	No Fee Adjustment (FY 2007 Fees)	Proposed FY 2008 Fee Adjustment	Maximum FY 2008 Fee Adjustment*
Cost per RVU	\$58.00	\$64.50	\$76.50**
Estimated Fee Revenue	\$535,456.00	\$595,464.00	\$706,248.00
Estimated Travel Reimbursement	\$13,000.00	\$13,000.00	\$13,000.00
Salary and Fringe Rollover	\$29,445.30	\$29,445.30	\$29,445.30
Total Estimated Revenues	\$577,901.30	\$636.160	\$748,693.30
Total Estimated Expenses	638,318.00	\$638,318	\$638,318.00
Total Shortfall/Surplus	(\$60,416.70)	(\$408.70)	\$110,375.30

\* Collecting revenue as close to spending authority as possible.

\*\* RVU rounded down to nearest half dollar, just no to exceed spending authority.

Under the proposed FY 2008 fee adjustment, annual certification fees for a typical commercial laboratory will increase \$383.50 to \$3,805.50, while annual registration fees paid by a typical municipal wastewater treatment plant laboratory will increase \$91.00 to \$903.00.

Table 3a describes how the balance line and the fees of the laboratory certification and registration program would be affected by not using the vacancy salary and fringe rollover.

**Table 3a: Alternative Bases for Fee Collection**  
(Without Salary and Fringe Rollover)

Item for Comparison	No Fee Adjustment (FY 2007 Fees)	FY 2008 Fee Adjustment	Maximum FY 2008 Fee Adjustment*
Cost per RVU	\$58.00	\$67.50	\$76.50**
Estimated Fee Revenue	\$535,456.00	\$623,160.00	\$706,248.00
Estimated Travel Reimbursement	\$13,000.00	\$13,000.00	\$13,000.00
Salary and Fringe Rollover	\$0.00	\$0.00	\$0.00
Total Estimated Revenues	\$548,456.00	\$636.160	\$719,248.00
Total Estimated Expenses	638,318.00	\$638,318	\$638,318.00
Total Shortfall/Surplus	(\$89,862.00)	(\$2,158.00)	\$80,930.00

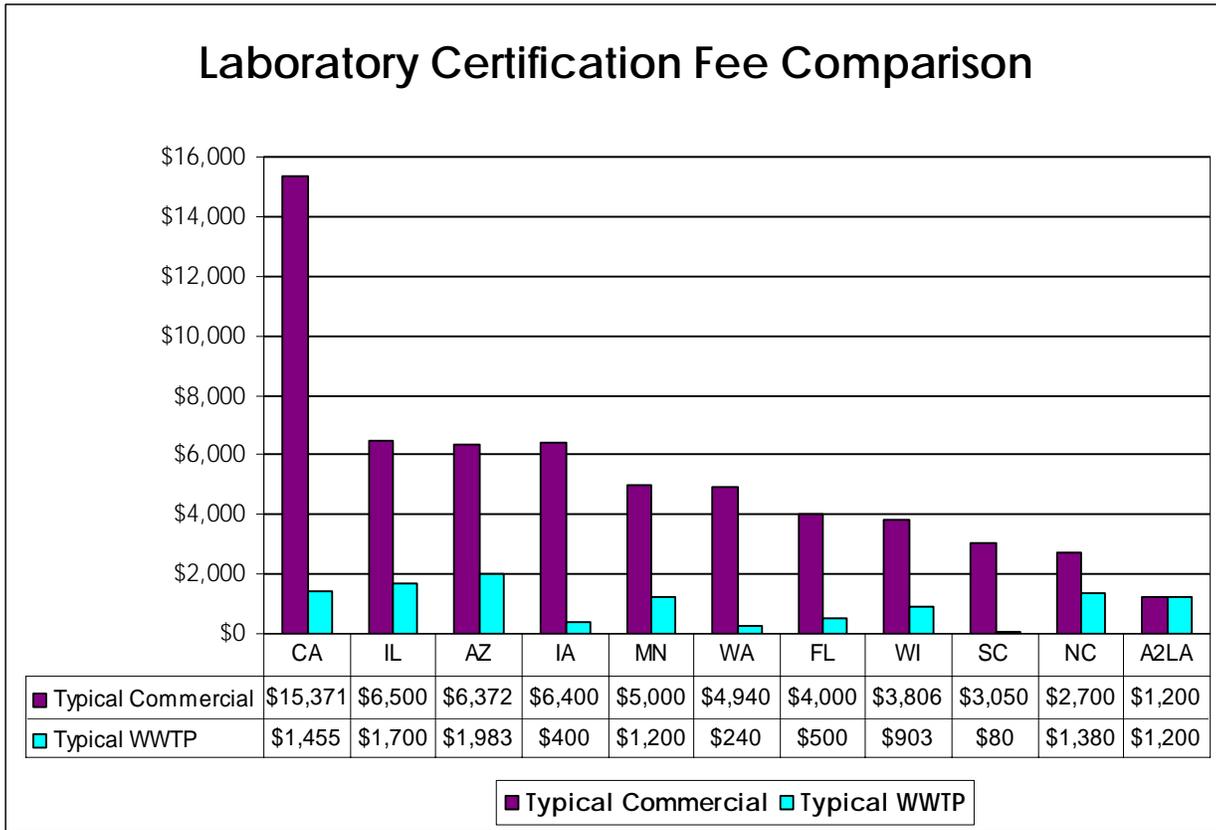
\* Collecting revenue as close to spending authority as possible.

\*\* RVU rounded down to nearest half dollar, just not to exceed spending authority.

Without the added income of the salary and fringe rollover, the cost of an RVU would need to be \$67.50 to meet the necessary revenue needs of the program.

Despite the proposed increase for the cost of an RVU, Wisconsin laboratory certification and registration fees will continue to remain below those of many other states with comparable programs, as illustrated by Figure 3.

**Figure 3: Comparison of Various Annual State Laboratory Certification Fees**



The proposed annual fees for a typical commercial laboratory certified in Wisconsin are below those of 7 states with comparable programs and above those of two other states. A2LA is a not-for-profit third party accreditor of environmental laboratories. The costs assessed by A2LA for on-site laboratory evaluations are substantially higher than those assessed by other states and Wisconsin. Laboratories located in Wisconsin are not assessed a separate on-site evaluation fee by our program.

The annual registration fees for a typical wastewater treatment plant laboratory are \$255 below the median fee of \$1200 for the programs surveyed.

The complete proposed FY 2008 fee schedule is presented in Table 4 below.

**Table 4: FY 2008 Laboratory Certification Program Fee Schedule**  
(Cost per RVU = \$64.50)

Fee Item	Relative Value	Number of Laboratories per Fee Item	FY 2007 Item Price	FY 2008 Item Price
Registered Base Fee	10	260	\$580.00	\$645.00
Certified Base Fee	15	159	\$870.00	\$967.50
Reciprocity Fee	30	9	\$1,740.00	\$1,935.00
Initial Application Fee	6	2	\$348.00	\$387.00
Revised Application Fee	3	35	\$174.00	\$193.50
Test Category 1	1	332	\$58.00	\$64.50
Test Category 2	1	185	\$58.00	\$64.50
Test Category 3	1	204	\$58.00	\$64.50
Test Category 4	1	375	\$58.00	\$64.50
Test Category 5	2	57	\$116.00	\$129.00
Test Category 6	2	88	\$116.00	\$129.00
Test Category 7	4	56	\$232.00	\$258.00
Test Category 8	4	79	\$232.00	\$258.00
Test Category 9	4	13	\$232.00	\$258.00
Test Category 10	4	42	\$232.00	\$258.00
Test Category 11	4	5	\$232.00	\$258.00
Test Category 12	4	32	\$232.00	\$258.00
Test Category 13	4	17	\$232.00	\$258.00
Test Category 14	4	14	\$232.00	\$258.00
Test Category 15	12	24	\$696.00	\$774.00
Test Category 16	4	45	\$232.00	\$258.00
Test Category 17	12	7	\$696.00	\$774.00
Test Category 18	20	35	\$1,160.00	\$1,290.00
Test Category 18a (Nitrate and Nitrite Only)	2	8	\$116.00	\$129.00
Test Category 18b (Nitrate, Nitrite, and Fluoride Only)	4	1	\$232.00	\$258.00
Test Category 19	4	9	\$232.00	\$258.00
Test Category 20	26	5	\$1,508.00	\$1,677.00
Test Category 21	4	1	\$232.00	\$258.00

**FY 2008 Cost to Laboratories**

Cost to a typical wastewater treatment plant laboratory (Categories 1-4):	\$903.00
Cost to a typical commercial laboratory (Categories 1-8, 10, 12, and 14-16)	\$3,805.50
Maximum (Certified base fee plus all test categories)	\$8,578.50

### **Public Hearings**

This proposal consists of annual fee adjustment under s. NR 149.05(1)(b), Wis. Adm. Code. A public hearing is not required because the proposal does not include a rule amendment. A public information meeting to discuss the proposed fee adjustment was held at the Department's South Central Region in Fitchburg on February 12, 2007. There were not attendees from the laboratory community.

### **Environmental Analysis**

The requested Board action pertains only to an annual fee adjustment and not a rule amendment. It is therefore a Type II action that will have no material impact on the human environment and does not require an environmental assessment or environmental impact statement.

### **Small Business Regulatory Flexibility Analysis**

A small business regulatory flexibility analysis is not required because the proposal does not pertain to rule making. Approximately 20 of the program's 428 laboratories fit the definition of "small business" specified in s. 277.114(1)(a) Stats. These laboratories include small in-state and out-of-state commercial laboratories. The fee formula in s. NR 149.04, Wis. Adm. Code, is designed to distribute equitably the cost of operating the program across all participating laboratories. Fees cannot be changed for one group of laboratories without affecting the fees assessed to the remaining laboratories.

### **Certification Standards Review Council**

Section 149.05(1)(b), Wis. Adm. Code, requires the Certification Standards Review Council to review all annual certification and registration fee adjustments. The Council is a nine-member advisory body created under s. 15.107(12), Wis. Stats, to review the standards of the Laboratory Certification and Registration Program and to provide recommendations for improving program performance. Each member represents an environmental laboratory group of stakeholders. Eight members are appointed by the Department of Administration and one member is appointed by the Chancellor of the University of Wisconsin – Madison. Six council members represent regulated laboratories that pay certification or registration fees.

The Council reviewed the program's FY 2008 budget and fee adjustment proposal on February 14, 2007 and approved unanimously a resolution recommending that the Board approve the proposed adjustment. The Council's signed resolution is attached.

## Appendix A: Number of Labs, Available RVUs, and Cost per Fee Item by Fiscal Year

Fee Item	RV	# Labs per Fee Item			# RVUs per Category			Cost per Fee Item		
		FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008	FY 2006	FY 2007	FY 2008
Registered Base Fee	10	273	266	260	2730	2660	2600	\$550.00	\$580.00	\$645.00
Certified Base Fee	15	165	159	159	2475	2385	2385	\$825.00	\$870.00	\$967.50
Reciprocity Fee	30	10	11	9	300	330	270	\$1,650.00	\$1,740.00	\$1,935.00
Initial Application Fee	6	10	5	2	60	30	12	\$330.00	\$348.00	\$387.00
Revised Application	3	66	50	35	198	150	105	\$165.00	\$174.00	\$193.50
Test Category 1	1	344	335	332	344	335	332	\$55.00	\$58.00	\$64.50
Test Category 2	1	191	184	185	191	184	185	\$55.00	\$58.00	\$64.50
Test Category 3	1	208	203	204	208	203	204	\$55.00	\$58.00	\$64.50
Test Category 4	1	390	378	375	390	378	375	\$55.00	\$58.00	\$64.50
Test Category 5	2	61	58	57	122	116	114	\$110.00	\$116.00	\$129.00
Test Category 6	2	90	87	88	180	174	176	\$110.00	\$116.00	\$129.00
Test Category 7	4	58	56	56	232	224	224	\$220.00	\$232.00	\$258.00
Test Category 8	4	80	78	79	320	312	316	\$220.00	\$232.00	\$258.00
Test Category 9	4	16	14	13	64	56	52	\$220.00	\$232.00	\$258.00
Test Category 10	4	45	41	42	180	164	168	\$220.00	\$232.00	\$258.00
Test Category 11	4	6	5	5	24	20	20	\$220.00	\$232.00	\$258.00
Test Category 12	4	35	32	32	140	128	128	\$220.00	\$232.00	\$258.00
Test Category 13	4	22	18	17	88	72	68	\$220.00	\$232.00	\$258.00
Test Category 14	4	18	15	14	72	60	56	\$220.00	\$232.00	\$258.00
Test Category 15	12	29	24	24	348	288	288	\$660.00	\$696.00	\$774.00
Test Category 16	4	49	45	45	196	180	180	\$220.00	\$232.00	\$258.00
Test Category 17	12	7	7	7	84	84	84	\$660.00	\$696.00	\$774.00
Test Category 18	20	39	37	35	780	740	700	\$1,100.00	\$1,160.00	\$1,290.00
Test Category 18a	2	8	9	8	16	18	16	\$110.00	\$116.00	\$129.00
Test Category 18b	4	2	2	1	8	8	4	\$220.00	\$232.00	\$258.00
Test Category 19	4	9	9	9	36	36	36	\$220.00	\$232.00	\$258.00
Test Category 20	26	6	5	5	156	130	130	\$1,430.00	\$1,508.00	\$1,677.00
Test Category 21	4	1	1	1	4	4	4	\$220.00	\$232.00	\$258.00
<b>Totals</b>		2238	2134	2099	10038	9469	9232			

**CERTIFICATION STANDARDS REVIEW COUNCIL RESOLUTION**

**Whereas** the Laboratory Certification and Registration Program is required by s. 299.11(9), Wis. Stats., to promulgate by rule a graduated schedule of fees designed to recover the costs of administering the Program, and

**Whereas** the Certification Standards Review Council is required to by s. NR 149.05(1), Wis. Adm. Code, to review annual adjustments to this schedule of fees, and

**Whereas** the Certification Standards Review Council has reviewed the Laboratory Certification and Registration Program’s proposed Fiscal Year 2008 fee adjustment, then

**Therefore**, be it resolved that the Certification Standards Review Council recommends the Natural Resources Board approve the Laboratory Certification and Registration Program’s proposed Fiscal Year 2008 fee adjustment.

\_\_\_\_\_  
Randy Herwig, Chair  
Certification Standards Review Council

\_\_\_\_\_  
Date

\_\_\_\_\_  
Kurt Knuth, Vice Chair  
Certification Standards Review Council

\_\_\_\_\_  
Date

\_\_\_\_\_  
David Webb, Chief  
Environmental Science Services Section  
Bureau of Science Services  
Department of Natural Resources

\_\_\_\_\_  
Date

## Fiscal Estimate — 2007 Session

<input checked="" type="checkbox"/> Original <input type="checkbox"/> Updated  <input type="checkbox"/> Corrected <input type="checkbox"/> Supplemental	LRB Number  Bill Number	Amendment Number if Applicable  Administrative Rule Number NR 149
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**Subject**

DNR Laboratory Certification and Registration Program Fees for FY 2008

**Fiscal Effect**

State:  No State Fiscal Effect  
 Indeterminate

Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation.

<input type="checkbox"/> Increase Existing Appropriation	<input checked="" type="checkbox"/> Increase Existing Revenues
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Existing Revenues
<input type="checkbox"/> Create New Appropriation	

Increase Costs — May be possible to absorb within agency's budget.

Yes     No

Decrease Costs

Local:  No Local Government Costs  
 Indeterminate

1.  Increase Costs  
 Permissive     Mandatory  
 2.  Decrease Costs  
 Permissive     Mandatory

3.  Increase Revenues  
 Permissive     Mandatory  
 4.  Decrease Revenues  
 Permissive     Mandatory

5. Types of Local Governmental Units Affected:

Towns     Villages     Cities  
 Counties     Others    Sanitary Districts  
 School Districts       WTCS Districts

**Fund Sources Affected**

GPR     FED     PRO     PRS     SEG     SEG-S

**Affected Chapter 20 Appropriations**

20.370(3)(fj)

**Assumptions Used in Arriving at Fiscal Estimate**

The program is projecting operating costs of \$638,318 for FY 2008. This figure represents an increase of \$70,018 from the expenses projected for FY 2007, but remains at \$71,782 below the program's FY 2008 spending authority of \$710,100.

The increase is needed to compensate for projected contractual salary and fringe benefit increases for the program staff. The number of laboratories participating in the program has remained relatively stable at a loss of only 8 laboratories. Consequently, it is necessary to maintain the current level of staffing to deliver the service expected by laboratories participating in the program.

Per s. NR 149.05(1)(b), Wis. Adm. Code, the amount of annual fee revenue necessary to fund the program's budget is determined by subtracting projected out-of state laboratory evaluation travel expenses, which are reimbursable to the program. The program will also use available salary and fringe funds from two existing vacancies to offset the fees assessed to participating laboratories. After subtracting \$13,000 for projected out-of-state laboratory evaluations, and \$29,445.30 for salary and fringe rollovers, the Department of Natural Resources will need to collect \$595,872.70 in certification and registration fee revenue to fund the program in FY 2008. This figure is \$45,772.70 (8.32%) more than the amount of fee revenue required to meet the program's FY 2007 budget.

Section 299.11(9), Wis. Stats., authorizes the Department to promulgate a graduated schedule of fees to assess participating laboratories to recover the cost of administering the Laboratory Certification and Registration Program. Fees for each fiscal year are determined using the formula specified in s. NR 149.05, Wis. Adm. Code. The formula uses a relative value system to distribute equitably program costs among all certified and registered laboratories. The system assigns each fee item a number of relative value units (RVU) based on the complexity of the item or the associated effort in managing the item. The cost of an RVU is determined by dividing the amount of fee revenue necessary to fund the program's projected operating costs by the total number of RVUs available for the fiscal year.

This fee adjustment applies only to FY 2008. Fee adjustments are determined annually.

**Long-Range Fiscal Implications**

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Authorized Signature	Telephone No.	Date (mm/dd/ccyy)
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**Fiscal Estimate — 2007 Session**

**Page 2 Assumptions Narrative  
Continued**

LRB Number	Amendment Number if Applicable
Bill Number	Administrative Rule Number NR 149

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Assumptions Used in Arriving at Fiscal Estimate – Continued

Local Government Laboratories:

Fees for the typical local government laboratory will increase by \$91.00. There are 276 local government laboratories participating in the Laboratory Certification and Registration Program, of which approximately 255 are typical laboratories. Typical local government laboratories do not provide services for hire and are registered for performing simpler tests. The total additional costs to these typical local government laboratories will be \$23,205.00.

**Fiscal Estimate Worksheet — 2007 Session**  
 Detailed Estimate of Annual Fiscal Effect

Original       Updated  
 Corrected       Supplemental

LRB Number	Amendment Number if Applicable
Bill Number	Administrative Rule Number NR 149

Subject

One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):

Annualized Costs:		Annualized Fiscal Impact on State Funds from:	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations — Salaries and Fringes		\$	\$ -
(FTE Position Changes)		(                      FTE )	(-                      FTE )
State Operations — Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
<b>Total State Costs by Category</b>		\$	\$ -
<b>B. State Costs by Source of Funds</b>		Increased Costs	Decreased Costs
GPR		\$	\$ -
FED			-
PRO/PRS		70,018	-
SEG/SEG-S			-
State Revenues	Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)	Increased Revenue	Decreased Revenue
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS		45,773	-
SEG/SEG-S			-
<b>Total State Revenues</b>		\$	\$ -

**Net Annualized Fiscal Impact**

	<u>State</u>	<u>Local</u>
Net Change in Costs	\$ 70,018	\$ 23,205
Net Change in Revenues	\$ 45,773	\$

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