

SUBJECT: FY 2009 Laboratory Certification Fee Adjustment

FOR: MARCH 2008 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, among all participating laboratories, the costs of administering the program. 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 2009, the program is projecting operating costs of \$650,651. This figure represents an increase of \$12,333 from the program's FY 2008 budget and is needed to offset expected contractual salary increases for the program staff. Nevertheless, the program's proposed FY 2009 budget is \$62,249 below its spending authority of \$712,900. The number of laboratories participating in the program has remained relatively stable, with a loss of eight laboratories that contributed 230 RVUs, or a decrease of 2.5% billable units. The cost of an RVU for FY 2009 will be \$68.00, an increase of \$3.50, or 5.4%, from the RVU cost of FY 2008.

Details of the program's FY 2009 budget and proposed fee adjustment are included in the attached background memorandum.

RECOMMENDATION: Approval of the proposed FY 2009 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/	2/15/08
_____	_____
Bureau Director,	Date
/s/	2/19/08
_____	_____
Administrator,	Date
/s/	3/7/08
_____	_____
Secretary, Matt Frank	Date

- | | |
|---------------------------|-------------------------|
| cc: Laurie J. Ross - AD/5 | Carol Turner - LS/5 |
| David Webb - SS/7 | Cheryl Krull - FN/1 |
| Alfredo Sotomayor - SS/7 | John R. Sullivan - SS/7 |
| Lance Potter - MB/5 | Susan Crawford - AD/5 |
| Joseph W. Renville - LS/5 | Thomas Van Haren - AD/5 |

DATE: February 19, 2008

TO: Natural Resources Board Members

FROM: Matthew J. Frank, Secretary

SUBJECT: FY 2009 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)(f), 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 seeks 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 2009 fee adjustment proposal. Under the proposal, the Department will collect sufficient fee revenue to operate the program at \$62,249 (8.7%) below its \$712,900 spending authority. The cost per relative value unit (RVU) will increase from \$64.50 to \$68.00 (5.4%).

The rest 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.

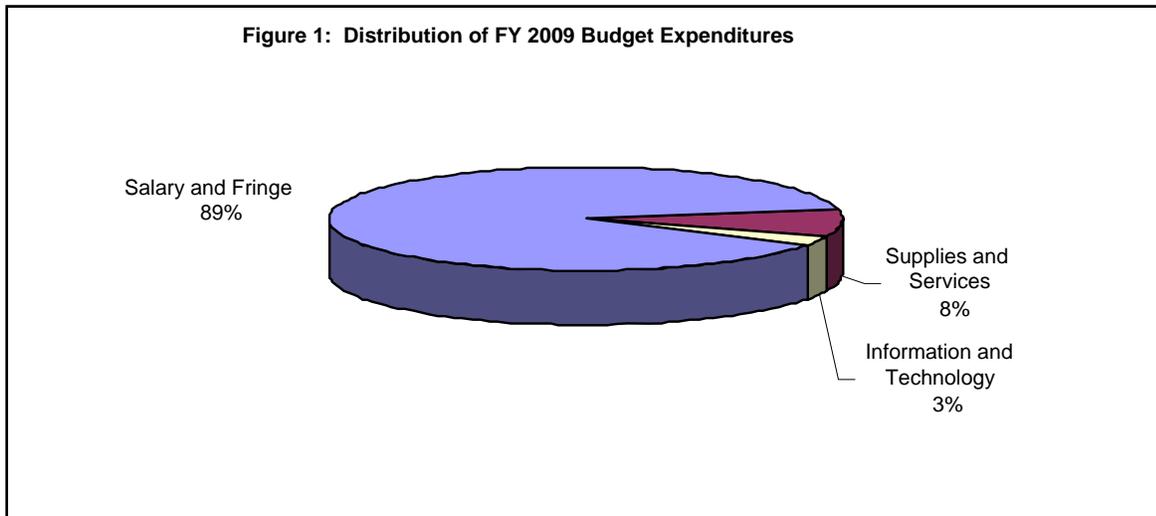
Certified laboratories perform testing services for hire. Registered laboratories perform testing solely on behalf of their own facility or municipality, or a subsidiary or corporation under common ownership or control. At the time this proposal was drafted, 420 laboratories located in Wisconsin and in 18 other states participated in the program. The Department currently certifies 52 out of state laboratories. Seven 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 2009 Budget

The program is submitting a budget of \$650,651 for FY 2009. This figure is \$12,333(1.9%) more than the program’s FY 2008 budget, but is still \$62,249 (8.3%) below its \$712,900 spending authority for FY 2009. The additional funds are required to fund expected contractual salary increases for program staff in FY 2009. The expenses projected for the sum of all other program expenses is \$2,600 (3.6%) below the sum of the same type of expenses in the FY 2008 budget.

Projected FY 2009 Expenditures

Salary and fringe benefits constitute \$581,451 (89%) of the program’s FY 2009 budget. The remaining \$69,200 is distributed between allocations for supplies and services, and information and technology. Figure 1 below illustrates the distribution of the program’s FY 2009 budget expenditures.



Salary and Fringe

Salary and fringe benefits are the principal contributors to the program's costs. The FY 2009 salary and fringe expenses total \$581,451 (89%) of the program's budget. The program's fee revenue will fund 7.39 full-time equivalent (FTE) positions in FY 2009. One FTE position is assigned to a Program Chemist that performs most of the program's administrative tasks and develops and presents outreach materials for laboratories and data users. The program's fee revenue also funds 39% of the Environmental Science Services Section Chief position. The remaining staff performs compliance evaluations of the 420 laboratories enrolled in the program and provide technical and regulatory support to Department staff and the regulated laboratory community.

The FY 2009 projected cost for salary and fringe is \$14,933 (2.6%) more than the corresponding costs in the FY 2008 budget. Salary expenditures for FY 2009 are projected to be \$10,060 (2.6%) more than the corresponding costs in FY 2008. Fringe projected increases for FY 2009 are \$4,874 (2.6%) more than the corresponding costs in FY 2008. Fringe costs for FY 2009 are 48.5% of salary; the percentage remains unchanged from that of FY 2008.

Supplies and Services

Supplies and services account for \$53,200 (8%) of the program's budget. This amount is \$600 (1.1%) less than that budgeted for FY 2008.

Projected costs for in-state travel laboratory evaluations have decreased \$2,200 (15.5%) from the amount projected for FY 2008. The projected costs for out-of-state travel to perform laboratory evaluations have decreased in FY 2009 by \$2,000 (15.3%). The sum of projected travel expenses for in and out-of-state evaluations of laboratories in FY 2009 is \$4,200 (15.4%) less than the sum of the same expenses projected in FY 2008. It is important to note that although out-of-state evaluation travel expenses are included in the program's 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 produce outreach materials for the state's certified and registered laboratories. The 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. During FY 2009, the Department expects to use part of these funds to instruct laboratories on requirements resulting from a substantial revision to Chapter NR 149.

For FY 2009, the program is not projecting any expenses for building rental costs assessed by the Department of Administration. However, the program has been advised that rental chargebacks may be assessed in the future.

Information and Technology

The program's IT budget for FY 2009 is \$16,000. This amount is \$2,000 (11%) less than the amount projected for FY 2008.

Table 1 on the next page provides an itemized summary of the program's FY 2009 budget.

**Table 1
FY 2009 Laboratory Certification Program Budget**

BUDGET ITEM	FY 2009 BUDGET
Salary and Fringe	
FTE Salary	\$ 391,682
FTE Fringe	\$ 189,770
Subtotal: Salary and Fringe	\$ 581,451
Supplies and Services	
Office Supplies, Services, and Equipment	\$ 3,600
In-State Travel for Laboratory Evaluations	\$ 12,000
Out-of-State Travel for Laboratory Evaluations*	\$ 11,000
Outreach	\$ 15,000
Staff Training	\$ 5,000
Postage	\$ 2,800
Printing and Copying Services	\$ 800
Telecommunications	\$ 3,000
Subtotal: Supplies and Services	\$ 53,200
Information and Technology	
Computers and Software	\$ 10,000
BTS Support Charges	\$ 6,000
Subtotal: Information and Technology	\$ 16,000
TOTAL FY 2009 BUDGET	\$ 650,651

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

Fee Revenue Necessary to Fund FY 2009 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 fees reasonable by submitting budgets below the program’s spending authority, as shown in Table 2.

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

Fiscal Year	Ch. 20 Spending Authority	Program Budget	Difference
1999	\$516,000	\$516,100	\$0
2000	\$539,100	\$521,150	\$17,950
2001	\$539,100	\$539,100	\$0
2002	\$572,200	\$517,229	\$54,971
2003	\$572,200	\$526,846	\$45,154
2004	\$598,700	\$546,736	\$51,964
2005	\$598,700	\$551,558	\$47,142
2006	\$660,800	\$578,100	\$82,700
2007	\$660,800	\$568,300	\$92,500
2008	\$710,100	\$638,318	\$71,782
2009	\$712,900	\$650,651	\$62,249

Out-of state laboratories are billed 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 \$11,000 for these projected, but reimbursable travel expenditures leaves \$639,651 of needed fee revenue.

For FY 2009, the Department proposes to rollover \$30,000 from unspent accumulated revenue of FY 2008 to offset fees charged to laboratories participating in the program. The Department used \$29,445.30 in FY 2008, resulting from vacancies that remained unfilled for part of FY 2008, to offset laboratory fees. Subtracting the \$30,000 from \$639,651, leaves \$609,651 that the Department will need to collect to fund the remainder of the program’s FY 2009 operating expenses. This represents an increase of \$13,778.30 (2.3%), which is substantially below \$45,772.70 (8.3%), the increase projected in FY 2008.

Determination of FY 2009 Fee Schedule

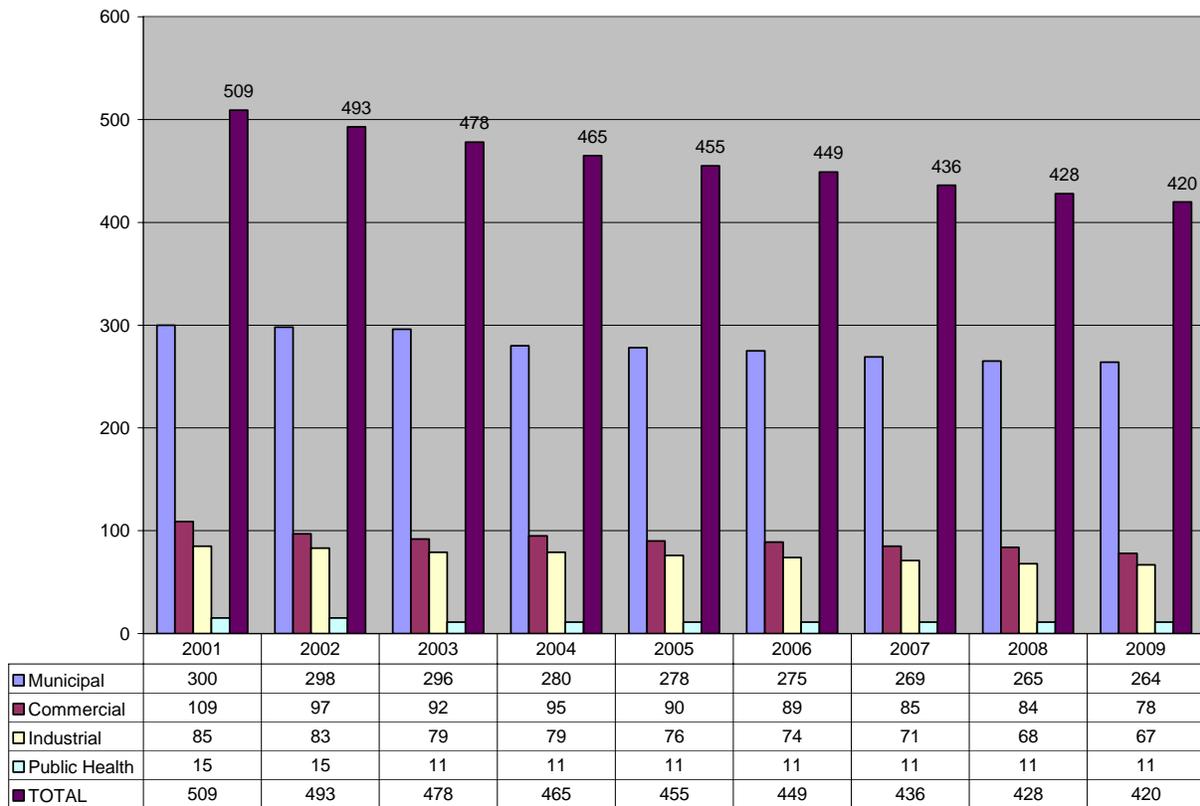
The fee formula established in s. NR 149.05 uses a relative value system to distribute equitably, among all participating laboratories, the cost of administering the program. The system defines a relative value unit (RVU) as a base for costs. The relative value of each fee item is specified in ch. NR 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 2009, the revenue rollover, by the number of available

RVUs. The cost of each 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 2009 than there were at the onset of FY 2008, a decrease of 1.8%, indicating a relatively stable participant laboratory population.

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



For FY 2009, the Department projects that 420 laboratories will be certified or registered for a total of 2064 fee items encompassing 9,002 RVUs. This represents a decrease of 230 (2.5%) from the RVUs available in FY 2008.

The FY 2009 cost per RVU is calculated by dividing the \$609,651 required fee revenue by the 9,002 RVUs available, which yields a cost of \$68.00 per RVU, rounded up for billing ease and to avoid any shortfall. This represents an increase of \$3.50 (5.4%) from the cost of an RVU in FY 2008.

Tables 3 and 4 summarize alternative premises for fee collection and the effect they would have on laboratory fees and the program’s balance sheet. Table 5 projects how much an RVU would cost without the proposed revenue rollover.

**Table 3
Alternative Bases for Fee Collection
(With Rollover)**

Item for Comparison	No Fee Adjustment (FY 2008 Fees)	Proposed FY 2009 Fee Adjustment	Maximum FY 2009 Fee Adjustment*
Cost per RVU	\$64.50	\$68.00	\$74.50
Estimated Fee Revenue	\$595,464.00	\$612,136.00	\$670,649.00
Estimated Travel Reimbursement	\$11,000.00	\$11,000.00	\$11,000.00
Rollover	\$29,445.30	\$30,000.00	\$30,000.00
Total Estimated Revenues	\$635,909.30	653,136.00	\$711,649.00
Total Estimated Expenses	\$650,651.00	\$650,651.00	\$650,651.00
Total Shortfall/Surplus	(\$14,741.70)	\$2,485.00	\$60,998.00

* Collecting revenue as close to spending authority as possible.

**Table 4
Alternative Bases for Fee Collection
(Without Rollover)**

Item for Comparison	No Fee Adjustment (FY 2008 Fees)	Proposed FY 2009 Fee Adjustment	Maximum FY 2009 Fee Adjustment*
Cost per RVU	\$64.50	\$68.00	\$74.50
Estimated Fee Revenue	\$595,464.00	\$612,136.00	\$670,649.00
Estimated Travel Reimbursement	\$11,000.00	\$11,000.00	\$11,000.00
Rollover	\$0.00	\$0.00	\$0.00
Total Estimated Revenues	\$606,464.00	\$623,136.00	\$681,649.00
Total Estimated Expenses	\$650,651.00	\$650,651.00	\$650,651.00
Total Shortfall/Surplus	(\$44,187.00)	(\$27,515.00)	\$30,998.00

* Collecting revenue as close to spending authority as possible.

**Table 5
RVU Cost to Meet Necessary Fee Revenue
(Without Rollover)**

Item	Amount or Number
Budget Amount	\$650,651.00
Estimated Travel Reimbursement	\$11,000.00
Necessary Fee Revenue	\$639,651.00
Number of RVUs	9002
Cost Per RVU	\$71.00*
Total Shortfall/Surplus	(\$509.00)

* Rounded from \$71.06.

Without the added income of the revenue rollover, the cost of an RVU would need to be \$71.00 to meet the funds needed to operate the program. This would represent an increase of \$6.50 (10.1%) over the cost of an RVU in FY 2008. As tables 3 and 4 show, the proposed rollover and cost for an RVU allow the program to operate without a shortfall while still operating safely at \$62,249 (8.7%) below its spending authority.

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 Figures 3 and 4.

**Figure 3:
Comparison of Various Annual State Laboratory Certification Fees in
Descending Order for Typical Commercial Laboratories**

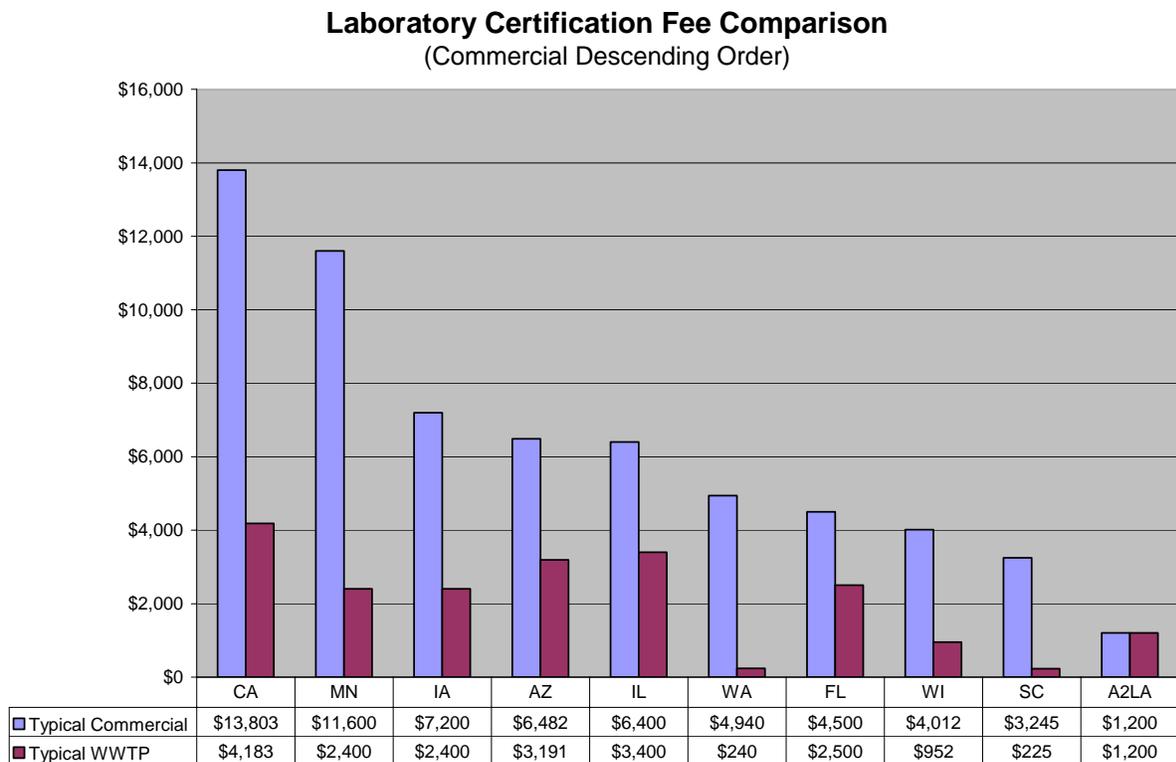


Figure 3 shows that the proposed annual fees for a typical commercial laboratory certified in Wisconsin are below those of six states with comparable programs and below one state (FL) recognized by the National Environmental Laboratory Accreditation Program (NELAP). A2LA is a not-for-profit third party accreditor of environmental laboratories. The figure does not include the costs assessed by Minnesota and A2LA for on-site evaluations: \$3,750 for Minnesota every other year, and an upfront deposit of \$2,000 for A2LA for evaluations performed every two years. Laboratories located in Wisconsin are not assessed an on-site evaluation fee by our program.

**Figure 4:
Comparison of Various Annual State Laboratory Certification Fees in
Descending Order for Typical Wastewater Treatment Plant Laboratories**

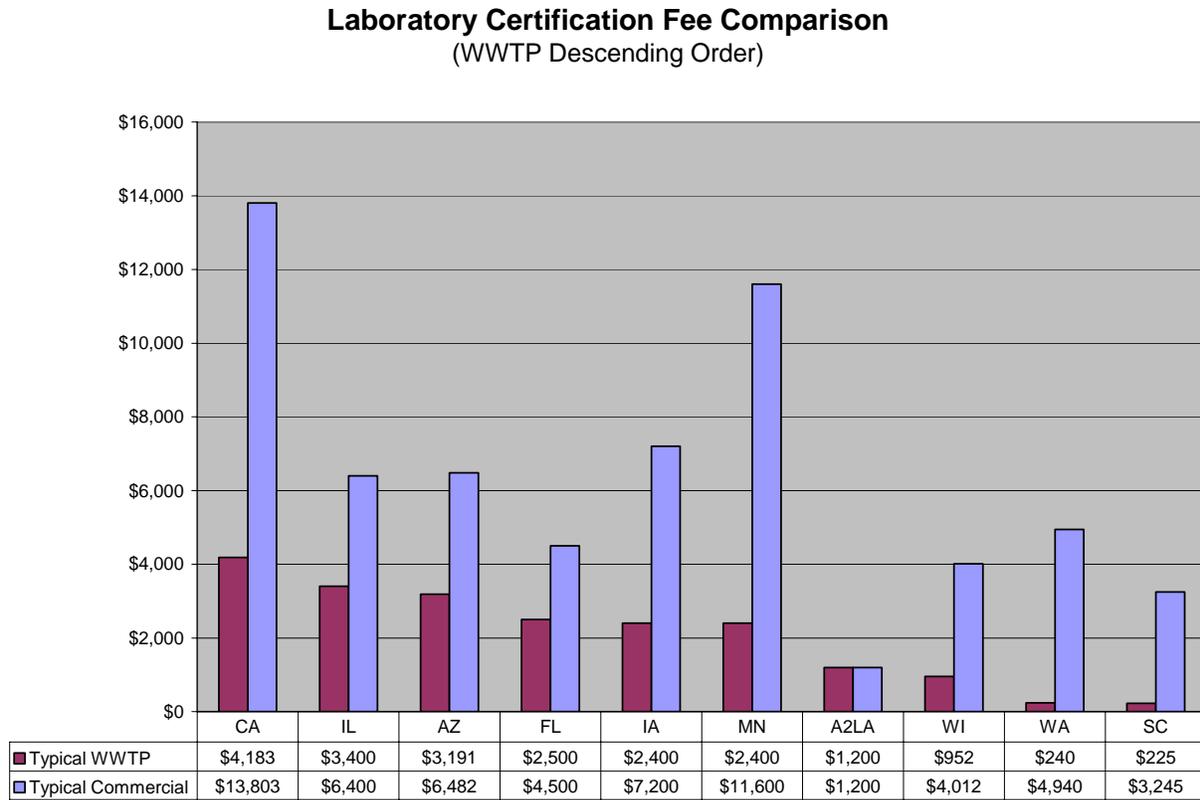


Figure 4 shows that the proposed annual fees for a typical wastewater treatment plant laboratory are below those of five states with comparable programs, below those of one state (FL) recognized by the National Environmental Laboratory Accreditation Program (NELAP), and below those of A2LA, a not-for-profit third party laboratory accreditor. The annual registration fees for a typical wastewater laboratory located in Wisconsin are \$1448 (60.3%) below the median fee of \$2,400 of the programs surveyed.

The complete fee schedule proposed for FY 2009 is presented in Table 6. The table illustrates the number of RVUs per fee item, the number of laboratories that will be billed for a fee item, and the fee item price for FY 2008 and FY 2009. At the foot of the table, the costs for a typical wastewater treatment plant and a typical commercial laboratory, and the maximum assessable fee are included. In this context, a typical wastewater treatment plant laboratory is one registered to perform analyses in test categories 1, 2, 3, and 4. A typical commercial laboratory is one certified to perform analyses in test categories 1 through 8, 10, 12, and 14 through 16. The maximum fee assessed assumes that a laboratory is certified, that is, one that is not registered.

**Table 6
Laboratory Certification Program Fee Schedule**

Fee Item	Relative Value	Number of Laboratories per Fee Item	FY 2008 Item Price (RVU = \$64.50)	FY 2009 Item Price (RVU = \$68.00)
Registered Base Fee	10	256	\$645.00	\$680.000
Certified Base Fee	15	157	\$967.50	\$1,020.00
Reciprocity Fee	30	7	\$1,935.00	\$2,040.00
Initial Application Fee	6	4	\$387.00	\$408.00
Revised Application Fee	3	35	\$193.50	\$204.00
Test Category 1	1	332	\$64.50	\$68.00
Test Category 2	1	185	\$64.50	\$68.00
Test Category 3	1	204	\$64.50	\$68.00
Test Category 4	1	371	\$64.50	\$68.00
Test Category 5	2	56	\$129.00	\$136.00
Test Category 6	2	86	\$129.00	\$136.00
Test Category 7	4	52	\$258.00	\$272.00
Test Category 8	4	72	\$258.00	\$272.00
Test Category 9	4	13	\$258.00	\$272.00
Test Category 10	4	39	\$258.00	\$272.00
Test Category 11	4	3	\$258.00	\$272.00
Test Category 12	4	30	\$258.00	\$272.00
Test Category 13	4	16	\$258.00	\$272.00
Test Category 14	4	13	\$258.00	\$272.00
Test Category 15	12	23	\$774.00	\$816.00
Test Category 16	4	42	\$258.00	\$272.0
Test Category 17	12	6	\$774.00	\$816.00
Test Category 18	20	34	\$1290.00	\$1,360.00
Test Category 18a (Nitrate and Nitrite Only)	2	10	\$129.00	\$136.00
Test Category 18b (Nitrate, Nitrite, and Fluoride Only)	4	1	\$258.00	\$272.00
Test Category 19	4	10	\$258.00	\$272.00
Test Category 20	26	6	\$1,677.00	\$1,768.00
Test Category 21	4	1	\$258.00	\$272.00

FY 2009 Cost to Laboratories

Cost to a typical wastewater treatment plant laboratory (Categories 1-4):	\$952.00
Cost to a typical commercial laboratory (Categories 1-8, 10, 12, and 14-16)	\$4,012.00
Maximum (Certified base fee plus all test categories)	\$9,044.00

Public Hearings

This proposal consists of an 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 headquarters in Madison on February 13, 2008. There were no 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

The proposal does not require a small business flexibility analysis because the requested action does not pertain to rule making. Approximately 20 of the program's 420 laboratories fit the definition of "small business" specified in s. 227.114(1) 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 board 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 2009 budget and fee adjustment proposal on February 7, 2008 and passed unanimously a resolution recommending that the Board approve the proposed adjustment. The Council's signed resolution is included before the Fiscal Estimate form.

Appendix A

The appendix provides data for the number of laboratories, RVUs, and costs per fee item projected for FY 2007, 2008, and 2009.

Fiscal Estimate

The required Fiscal Estimate and its accompanying worksheet are included at the end of this background memorandum, after Appendix A.

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 2007	FY 2008	FY 2009	FY 2007	FY 2008	FY 2009	FY 2007	FY 2008	FY 2009
Registered Base Fee	10	266	260	256	2660	2600	2560	\$580.00	\$645.00	\$680.00
Certified Base Fee	15	159	159	157	2385	2385	2355	\$870.00	\$967.50	\$1,020.00
Reciprocity Fee	30	11	9	7	330	270	210	\$1,740.00	\$1,935.00	\$2,040.00
Initial Application Fee	6	5	2	4	30	12	24	\$348.00	\$387.00	\$408.00
Revised Application	3	50	35	35	150	105	105	\$174.00	\$193.50	\$204.00
Test Category 1	1	335	332	332	335	332	332	\$58.00	\$64.50	\$68.00
Test Category 2	1	184	185	185	184	185	185	\$58.00	\$64.50	\$68.00
Test Category 3	1	203	204	204	203	204	204	\$58.00	\$64.50	\$68.00
Test Category 4	1	378	375	371	378	375	371	\$58.00	\$64.50	\$68.00
Test Category 5	2	58	57	56	116	114	112	\$116.00	\$129.00	\$136.00
Test Category 6	2	87	88	86	174	176	172	\$116.00	\$129.00	\$136.00
Test Category 7	4	56	56	52	224	224	208	\$232.00	\$258.00	\$272.00
Test Category 8	4	78	79	72	312	316	288	\$232.00	\$258.00	\$272.00
Test Category 9	4	14	13	13	56	52	52	\$232.00	\$258.00	\$272.00
Test Category 10	4	41	42	39	164	168	156	\$232.00	\$258.00	\$272.00
Test Category 11	4	5	5	3	20	20	12	\$232.00	\$258.00	\$272.00
Test Category 12	4	32	32	30	128	128	120	\$232.00	\$258.00	\$272.00
Test Category 13	4	18	17	16	72	68	64	\$232.00	\$258.00	\$272.00
Test Category 14	4	15	14	13	60	56	52	\$232.00	\$258.00	\$272.00
Test Category 15	12	24	24	23	288	288	276	\$696.00	\$774.00	\$816.00
Test Category 16	4	45	45	42	180	180	168	\$232.00	\$258.00	\$272.00
Test Category 17	12	7	7	6	84	84	72	\$696.00	\$774.00	\$816.00
Test Category 18	20	37	35	34	740	700	680	\$1,160.00	\$1,290.00	\$1,360.00
Test Category 18a	2	9	8	10	18	16	20	\$116.00	\$129.00	\$136.00
Test Category 18b	4	2	1	1	8	4	4	\$232.00	\$258.00	\$272.00
Test Category 19	4	9	9	10	36	36	40	\$232.00	\$258.00	\$272.00
Test Category 20	26	5	5	6	130	130	156	\$1,508.00	\$1,677.00	\$1,768.00
Test Category 21	4	1	1	1	4	4	4	\$232.00	\$258.00	\$272.00
Totals		2134	2099	2064	9469	9232	9002			

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 2009

Fiscal Effect

State: No State Fiscal Effect
 Indeterminate

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

Increase Existing Appropriation Increase Existing Revenues
 Decrease Existing Appropriation Decrease Existing Revenues
 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 \$650,651 for FY 2009. This figure represents an increase of \$12,333 (1.9%) from the expenses for FY 2008, but remains at \$62,249 below the program's FY 2009 spending authority of \$712,900.

The increase is needed to compensate for expected contractual salary raises for program staff in FY 2009. The number of laboratories participating in the program has remained relatively stable at a loss of only eight laboratories. Consequently, it is necessary to maintain the current level of staffing to deliver the services 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, from projected costs. The program will also use \$30,000 of available revenue as a rollover for FY 2009. After subtracting \$11,000 for projected out-of-state-evaluations, and \$30,000 from revenue rollover, the Department of Natural Resources will need to collect \$609,651 in certification and registration fee revenue to fund the program in FY 2009. This figure is \$13,778.30 (2.3%) more than the amount of fee revenue required to meet the program's FY 2008 budget.

Section 299.11(9) Wis. Stats., authorizes promulgating a graduated schedule of fees for participating laboratories to allow the Department to recover the costs 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 managing an 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 2009. Fee adjustments are determined annually.

Long-Range Fiscal Implications

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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

Assumptions Used in Arriving at Fiscal Estimate – Continued

Local Government Laboratories

Fees for the typical local government laboratory will increase by \$49.00. There are 275 local government laboratories participating in the Laboratory Certification and Registration Program, of which approximately 235 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 \$11,515.

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
 DNR Laboratory Certification and Registration Program Fees for FY 2009

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
A. State Costs by Category			
State Operations — Salaries and Fringes		\$ -	\$ -
(FTE Position Changes)		(FTE)	(FTE)
State Operations — Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
Total State Costs by Category		\$ -	\$ -
B. State Costs by Source of Funds		Increased Costs	Decreased Costs
GPR		\$ -	\$ -
FED			-
PRO/PRS		12,333	-
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		13,778	-
SEG/SEG-S			-
Total State Revenues		\$ -	\$ -

Net Annualized Fiscal Impact

	State	Local
Net Change in Costs	\$ 12,333	\$ 11,515
Net Change in Revenues	\$ 13,778	\$ -

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