

SUBJECT: FY 2011 Laboratory Certification and Registration Program Fee Adjustment

FOR: MARCH 2010 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 149.21 (c), 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 (RVUs). The cost of an RVU is determined by dividing operating costs, after subtracting any refundable expenses, by the number of RVUs available for a fiscal year. Section NR 149.21 (b), Wis. Adm. Code, requires the Natural Resources Board to approve all annual fee adjustments.

For FY 2011, the program is projecting operating costs of \$591,157. This figure represents a decrease of \$45,664 (7.7%) from the program's FY 2010 budget. The proposed budget, as has been the case in previous fiscal years, is below the program's authorized spending authority. For FY 2011, the proposed budget is \$139,543 (19.1%) below the program's spending authority.

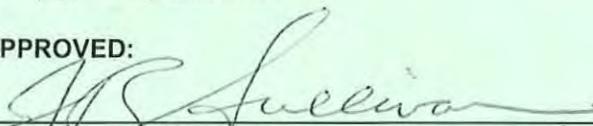
Details of the program's FY 2011 budget and proposed fee adjustment are included in the attached background memorandum.

RECOMMENDATION: Approval of the proposed FY 2011 laboratory certification and registration fee adjustment.

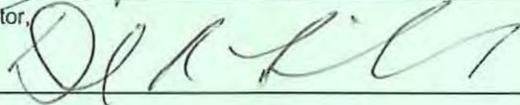
LIST OF ATTACHED MATERIALS:

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|----|-------------------------------------|---|-----|-------------------------------------|----------|
| 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 |

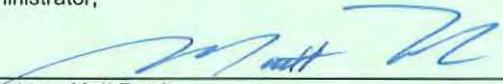
APPROVED:


Bureau Director,

2/24/2010
Date


Administrator,

2/25/10
Date


Secretary, Matt Frank

3-1-10
Date

- | | |
|---------------------------|---------------------------|
| cc: Laurie J. Ross - AD/8 | Joseph W. Renville - LS/8 |
| David Webb - SS/7 | Cheryl Krull - FN/2 |
| John R. Sullivan - SS/7 | Thomas Van Haren - LE/8 |
| Alfredo Sotomayor - SS/7 | |
| David Siebert - OE/7 | |

DATE: February 22, 2010

TO: Natural Resources Board Members

FROM: Matthew J. Frank, Secretary 

SUBJECT: FY 2011 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, establishes 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 149.21 (1) (c). 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 149.21(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.

Under the proposal, the Department will collect sufficient fee revenue to operate the program at \$139,543 (19.1%) below its \$730,700 estimated spending authority. The number of RVUs available for FY 2011 is 10,157, representing a decrease of 311(2.97%) units. The cost per RVU proposed for FY 2011 is \$57.00, which is \$0.50 (0.87%) less than the RVU cost in FY 2010. The number of laboratories in the program has declined, although not dramatically. For FY 2011 the program is distributing costs among 401 laboratories, 13 fewer (2.91%) than those in the program in FY 2010.

Recommendation for Board Action

The Department recommends the Board approve the program's FY 2011 fee adjustment proposal.

The rest of this memorandum describes the fee adjustment proposal and its effect on regulated laboratories in 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, 401 laboratories located in Wisconsin and in 18 other states participated in the program. The Department currently certifies 40 out of state laboratories. Eight of those laboratories are certified through reciprocal agreements with the states of Michigan, North Carolina, South Carolina, and Washington. The Department directly administers certification for the remainder.

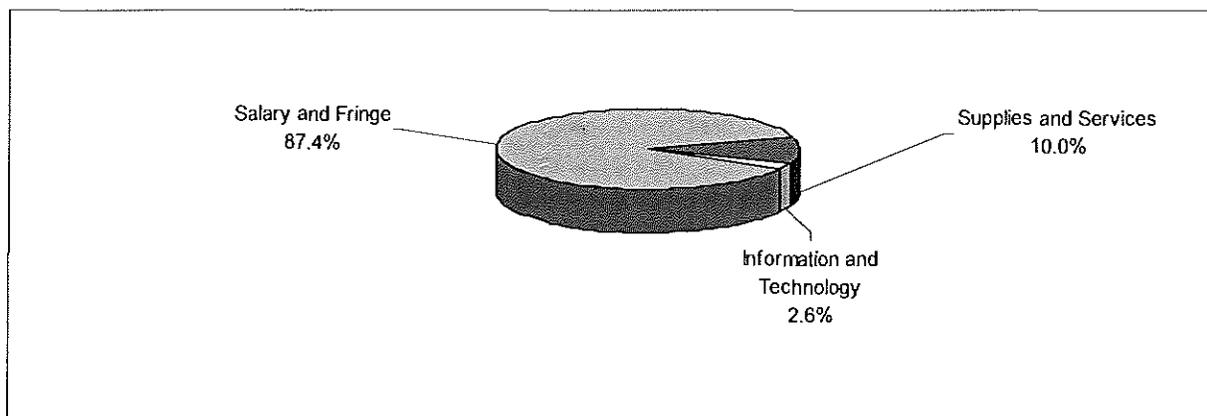
FY 2011 Budget

The program is submitting a budget of \$591,157 for FY 2011. This figure is \$45,664 (7.17%) less than the program’s FY 2010 budget and \$139,543 (19.1%) below its estimated \$730,700 spending authority for FY 2011. The decrease in the proposed FY 2011 budget is the result of a reduction in salary and fringe expenditures caused by a vacancy in the program.

Projected FY 2011 Expenditures

Salary and fringe benefits constitute \$552,721 (87.4%) of the program’s FY 2011 budget. The remaining \$74,600 is distributed between allocations for supplies and services, and information and technology. Figure 1 below illustrates the distribution of the program’s FY 2011 budget expenditures.

Figure 1
Distribution of FY 2011 Budget Expenditures



Salary and Fringe

The FY 2011 salary and fringe expenses total \$516,557 (87.4%) of the program's budget. The program has 7.39 full-time equivalent (FTE) positions for FY 2011. However, one of those positions is projected to remain vacant for FY 2011. This budget reflects a reduction in the associated costs. The program intends to hire a limited term employee (LTE) in FY 2011 to perform laboratory evaluations. The program's existing reserves will be used to fund the LTE position.

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 401 laboratories enrolled in the program and provide technical and regulatory support to Department staff and the regulated laboratory community.

The FY 2011 projected cost for salary and fringe is \$36,154 (6.5%) less than the corresponding costs in the FY 2010 budget. Salary expenditures for FY 2011 are projected to be \$24,338 (6.5%) less than the corresponding costs in the FY 2010 budget. Fringe projections for FY 2011 are \$11,826 (6.5%) less than the corresponding costs in FY 2011. Fringe costs for FY 2011 are 48.59% of salary.

Supplies and Services

Supplies and services account for \$59,300 (10.0%) of the program's budget. This amount is \$7,800 (11.6%) less than that budgeted for FY 2010.

The FY 2011 budget for in-state travel to perform laboratory evaluations is \$400 (2.0%) less than the corresponding amount in the FY 2010 budget. The projected cost for out-of-state travel to perform laboratory evaluations has decreased in FY 2011 by \$4,000 (25.0%). It is important to note that although out-of-state evaluation travel expenses are included in the program's budget, the Department recovers those expenses by billing out-of-state laboratories for all evaluation-related travel expenses. In turn, per s. NR 149.21 (1) (c), these expenses are not included in the calculation of the program's fee schedule. The sum of projected travel expenses for in and out-of-state evaluations of laboratories in FY 2011 is \$32,000 (12.1%) less than the sum of the same expenses projected in FY 2010.

Following the advice of the Certification Standards Review Council, the Department is projecting spending \$10,000 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.

Information and Technology (IT)

The program's IT budget for FY 2011 is \$15,300. This amount is \$1,700 (10.0%) less than the amount projected for FY 2010.

Table 1 on the next page provides an itemized summary of the program's FY 2011 budget.

**Table 1
FY 2011 Laboratory Certification Program Budget**

BUDGET ITEM	FY 2011 BUDGET
Salary and Fringe	
FTE Salary	\$ 347,639
FTE Fringe	\$ 168,918
Subtotal: Salary and Fringe	\$ 516,557
Supplies and Services	
Office Supplies, Services, and Equipment	\$ 3,000
In-State Travel for Laboratory Evaluations	\$ 20,000
Out-of-State Travel for Laboratory Evaluations*	\$ 12,000
Outreach	\$ 10,000
Staff Training	\$ 5,000
Postage	\$ 3,500
Printing and Copying Services	\$ 800
Telecommunications	\$ 5,000
Subtotal: Supplies and Services	\$ 59,300
Information and Technology	
Computers and Software	\$ 6,000
BTS Support Charges	\$ 9,300
Subtotal: Information and Technology	\$ 15,300
TOTAL FY 2011 BUDGET	\$ 591,157

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

Fee Revenue Necessary to Fund FY 2011 Budget

Section NR 149.21 (1), Wis. Adm. Code, authorizes the Department to collect sufficient fee revenue equal to the Department of Administration’s approved spending authority for the program. Fees are charged to all enrolled laboratories to recover the costs of administering the program. However, NR 149.21 (1) (c) 1.c, allows the Department to collect a lesser amount than the authorized spending authority. The program historically has strived to keep fees reasonable by submitting budgets below the program’s authorized 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 (Estimated at Budget Time)	Program Budget	Difference
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
2010	\$798,600	\$636,821	\$161,779
2011	\$730,700	\$591,157	\$139,543

Out-of state laboratories are billed for all evaluation-related travel expenses. The Department must budget for these expenses, but because the costs are reimbursed by the out-of-state laboratories, the program does not need to collect fee revenue to fund the costs. Subtracting \$12,000 for these projected, but reimbursable travel expenditures leaves \$579,157 of needed fee revenue that the Department must collect to fund the program in FY 2011. The Department will not rollover funds from unspent accumulated revenue to FY 2011.

Determination of FY 2011 Fee Schedule

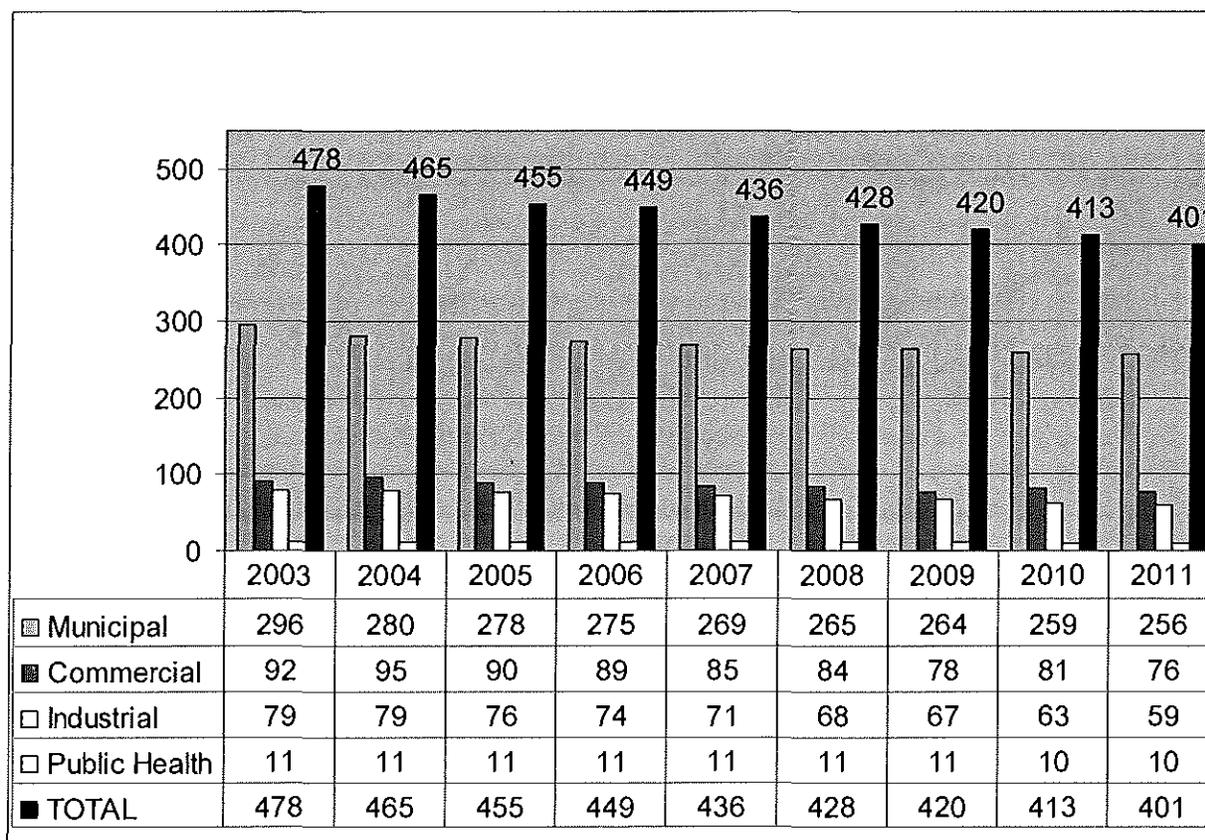
The fee formula established in s. NR 149.21 (1) (c) uses a relative value system to distribute equitably, among all participating laboratories, the cost of administering the program. The system defines a relative value unit (RVU) as the base for costs. The relative value of each fee item is specified in ch. NR 149.21, Wis. Adm. Code, Tables 1, 2, and 3.

RVU assignments are based on the complexity of an item or the associated effort in managing the item. Chapter NR 149 assigns RVUs to the matrices or types of samples laboratories analyze, the analytical technology laboratories use to analyze aqueous and solid samples, and the class of compounds laboratories analyze in drinking water.

The cost per RVU is determined by dividing the program’s budgeted operating expenses, excluding out-of-state evaluation travel expenses, 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 twelve fewer laboratories participating in the program at the onset of FY 2011 than there were at the onset of FY 2010, a decrease of 2.9%.

Figure 2
Number of Laboratories by Fiscal Year



For FY 2011, the Department projects 401 laboratories will be certified or registered contributing a total of 10,157 RVUs. This represents a decrease of 311 (3.0%) RVUs. The FY 2011 cost per RVU is calculated by dividing the required fee revenue, \$579,157, by the 10,157 RVUs available, which yields a cost of \$57.02 per RVU, rounded, for billing ease, to the nearest half dollar to \$57.00. This represents a decrease of \$0.50 (0.9%) from the cost of an RVU in FY 2010.

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

Item for Comparison	No Fee Adjustment (FY 2010 Fees)	Proposed FY 2011 Fee Adjustment	Maximum FY 2011 Fee Adjustment*
Cost per RVU	\$57.50	\$57.00	\$71.50
Estimated Fee Revenue	\$584,027.50	\$578,949	\$726,225.50
Estimated Travel Reimbursement	\$12,000	\$12,000	\$12,000
Total Estimated Revenues	\$596,027.50	\$590,949	\$738,225.50
Total Estimated Expenses	\$591,157	\$591,157	\$591,157
Total Shortfall/Surplus	\$4,870.50	(\$208)	\$147,068.50

* Collecting revenue as close to spending authority as possible without exceeding it.

The proposed Wisconsin laboratory certification and registration fees will continue to remain below those of many other states with comparable programs, as illustrated by Figure 3 below.

Figure 3
Comparison of Various Annual State Laboratory Certification Fees

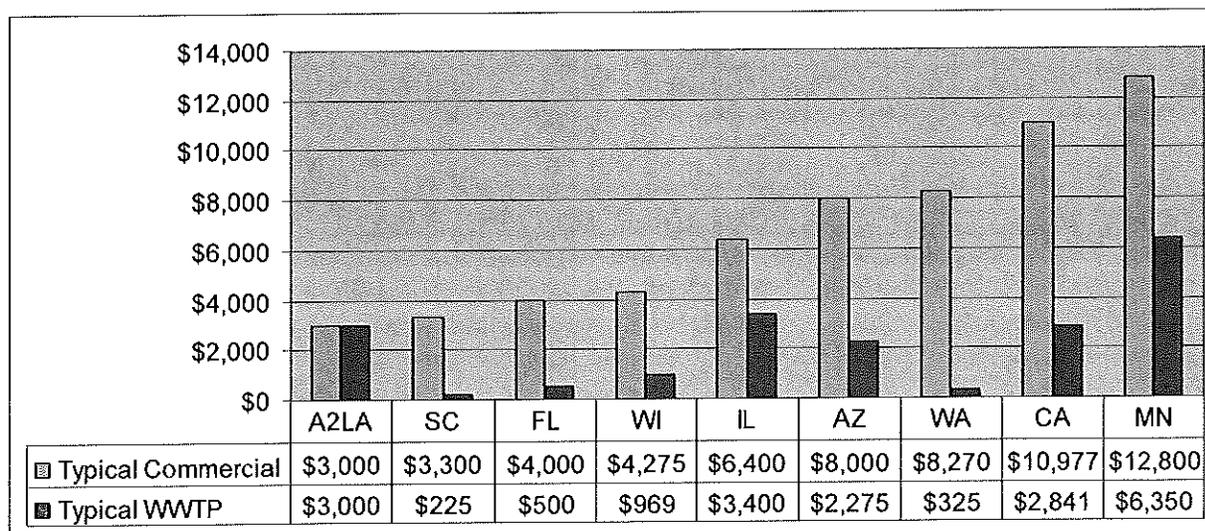


Figure 3 shows that the proposed annual fees for a typical commercial laboratory certified in Wisconsin are below those of five states with comparable programs, two (CA, IL) of which are recognized by the National Environmental Laboratory Accreditation Program (NELAP). A2LA is a not-for-profit third party accreditor of environmental laboratories. The A2LA figures do not include additional costs assessed by A2LA for on-site evaluations. Laboratories located in Wisconsin are not assessed an on-site evaluation fee by our program.

Figure 3 shows that the proposed annual fees for a typical wastewater treatment plant laboratory are below those of four states with comparable programs, three (CA, IL, FL) of which are recognized by NELAP, and below those of A2LA.

The fee schedule for FY 2010 and the proposed fee schedule for FY 2011 are presented in Table 4.

Table 4
Laboratory Certification and Registration Program
FY 2010 and FY 2011 Fee Schedules

FEE TYPE	FEE Item	Number of RVUs	FY 2010 FEE	FY 2011 FEE (Proposed)
Administrative	Late Renewal Fee	2	\$115.00	\$114.00
Application	Application Fee - Reciprocity	4	\$230.00	\$228.00
Application	Application Fee - Initial	6	\$345.00	\$342.00
Application	Application Fee - Revised	3	\$172.50	\$171.00
Application	Application Fee - Transfer of Ownership	4	\$230.00	\$228.00
Base	Annual Base Fee - Reciprocity	10	\$575.00	\$570.00
Base	Annual Base Fee - Certified	10	\$575.00	\$570.00
Base	Annual Base Fee - Registered	5	\$287.50	\$285.00
Matrix	Matrix Fee - Aqueous	5	\$287.50	\$285.00
Matrix	Matrix Fee - Drinking Water	5	\$287.50	\$285.00
Matrix	Matrix Fee - Solids	5	\$287.50	\$285.00
Analytical Technology, Aqueous and Solid	Oxygen Demand Assays (BOD or cBOD)	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Colorimetric or Nephelometric (Turbidimetric)	2	\$115.00	\$114.00
Analytical Technology, Aqueous and Solid	Combustion or Oxidation	2	\$115.00	\$114.00
Analytical Technology, Aqueous and Solid	Electrometric Assays (e.g. Probe, Ion-Selective Electrode)	1	\$57.50	\$57.00
Analytical Technology, Aqueous and Solid	Gravimetric Assays - Residue (Solids)	1	\$57.50	\$57.00
Analytical Technology, Aqueous and Solid	Gravimetric Assays - Oil and Grease or Hexane Extractable Materials (HEM)	2	\$115.00	\$114.00
Analytical Technology, Aqueous and Solid	Ion Chromatography (IC)	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Titrimetric or Potentiometric Titration Assays	1	\$57.50	\$57.00
Analytical Technology, Aqueous and Solid	Cold Vapor Atomic Absorption or Gaseous Hydride Spectrophotometry	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Flame Atomic Absorption Spectrophotometry	2	\$115.00	\$114.00
Analytical Technology, Aqueous and Solid	Graphite Furnace Atomic Absorption Spectrophotometry	3	\$172.50	\$171.00

FEE TYPE	FEE Item	Number of RVUs	FY 2010 FEE	FY 2011 FEE (Proposed)
Analytical Technology, Aqueous and Solid	Inductively Coupled Plasma Emission Spectrophotometry (ICP)	4	\$230.00	\$228.00
Analytical Technology, Aqueous and Solid	Inductively Coupled Plasma-Mass Spectrometry (ICP/MS)	5	\$287.50	\$285.00
Analytical Technology, Aqueous and Solid	Ultra-Low Level Metals Assays	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Gas Chromatography (GC)	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Gas Chromatography-Mass Spectrometry (GC/MS)	4	\$230.00	\$228.00
Analytical Technology, Aqueous and Solid	High Resolution Gas Chromatography-Mass Spectrometry (HRGC/MS)	10	\$575.00	\$570.00
Analytical Technology, Aqueous and Solid	High Performance Liquid Chromatography (HPLC)	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Liquid Chromatography-Mass Spectrometry	4	\$230.00	\$228.00
Analytical Technology, Aqueous and Solid	Whole Effluent Toxicity Assays	5	\$287.50	\$285.00
Analytical Technology, Aqueous and Solid	Cold Vapor Atomic Fluorescence Spectrometry (CVAFS)	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Thermal Decomposition Atomic Absorption	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Colorimetric or Nephelometric (Turbidimetric)	2	\$115.00	\$114.00
Analytical Technology, Aqueous and Solid	Combustion or Oxidation	2	\$115.00	\$114.00
Analytical Technology, Aqueous and Solid	Electrometric Assays (i.e. probe, ion-selective electrode)	1	\$57.50	\$57.00
Analytical Technology, Aqueous and Solid	Gravimetric Assays - Residue (solids)	1	\$57.50	\$57.00
Analytical Technology, Aqueous and Solid	Ion Chromatography (IC)	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Titrimetric or Potentiometric Titration Assays	1	\$57.50	\$57.00
Analytical Technology, Aqueous and Solid	Cold Vapor Atomic Absorption or Gaseous Hydride Spectrophotometry	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Flame Atomic Absorption Spectrophotometry	2	\$115.00	\$114.00

FEE TYPE	FEE Item	Number of RVUs	FY 2010 FEE	FY 2011 FEE (Proposed)
Analytical Technology, Aqueous and Solid	Graphite Furnace Atomic Absorption Spectrophotometry	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Inductively Coupled Plasma Emission Spectrophotometry (ICP)	4	\$230.00	\$228.00
Analytical Technology, Aqueous and Solid	Inductively Coupled Plasma-Mass Spectrometry (ICP/MS)	5	\$287.50	\$285.00
Analytical Technology, Aqueous and Solid	Ultra-Low Level Metals Assays	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Gas Chromatography (GC)	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Gas Chromatography-Mass Spectrometry (GC/MS)	4	\$230.00	\$228.00
Analytical Technology, Aqueous and Solid	High Resolution Gas Chromatography-Mass Spectrometry (HRGC/MS)	10	\$575.00	\$570.00
Analytical Technology, Aqueous and Solid	High Performance Liquid Chromatography (HPLC)	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Liquid Chromatography-Mass Spectrometry	4	\$230.00	\$228.00
Analytical Technology, Aqueous and Solid	Waste Characterization Extractions	1	\$57.50	\$57.00
Analytical Technology, Aqueous and Solid	Waste Characterization Assays	1	\$57.50	\$57.00
Analytical Technology, Aqueous and Solid	Cold Vapor Atomic Fluorescence Spectrometry (CVAFS)	3	\$172.50	\$171.00
Analytical Technology, Aqueous and Solid	Thermal Decomposition Atomic Absorption	3	\$172.50	\$171.00
<i>Maximum, Aqueous Technology</i>	<i>Maximum Aqueous Technology Fee</i>	22	\$1,265.00	\$1,254.00
<i>Maximum, Solid Technology</i>	<i>Maximum Solids Technology Fee</i>	22	\$1,265.00	\$1,254.00
Analytical Class, Drinking Water	Disinfection Byproducts	5	\$287.50	\$285.00
Analytical Class, Drinking Water	Primary Inorganic Contaminants (Non-Metals)	3	\$172.50	\$171.00
Analytical Class, Drinking Water	Primary Inorganic Contaminants (Metals)	6	\$345.00	\$342.00
Analytical Class, Drinking Water	Secondary Contaminants (Non-Metals)	2	\$115.00	\$114.00
Analytical Class, Drinking Water	Secondary Contaminants (Metals)	3	\$172.50	\$171.00

FEE TYPE	FEE Item	Number of RVUs	FY 2010 FEE	FY 2011 FEE (Proposed)
Analytical Class, Drinking Water	Synthetic Organic Contaminants (SOC) - Dioxin	8	\$460.00	\$456.00
Analytical Class, Drinking Water	SOC - Organochlorine Pesticides	3	\$172.50	\$171.00
Analytical Class, Drinking Water	SOC - N/P Pesticides	3	\$172.50	\$171.00
Analytical Class, Drinking Water	SOC - Herbicides	3	\$172.50	\$171.00
Analytical Class, Drinking Water	SOC - Miscellaneous	4	\$230.00	\$228.00
Analytical Class, Drinking Water	Trihalomethanes (THM)	2	\$115.00	\$114.00
Analytical Class, Drinking Water	Volatile Organic Compounds (VOC)	4	\$230.00	\$228.00
<i>Maximum, Drinking Water Class</i>	<i>Maximum Drinking Water Class Fee</i>	31	\$1,782.50	\$1,767.00
Average Commercial Lab Fee			\$4,313.00	\$4,275.00
Average WWTP Lab Fee			\$978.00	\$969.00
Maximum Lab Fee			\$5,750.00	\$5,700.00
RV Value			\$57.50	\$57.00
Capped RV Total			10468	10157

Public Hearings

This proposal consists of an annual fee adjustment under s. NR 149.21 (1) (b), Wis. Adm. Code and does not require a public hearing because the proposal does not involve a rule amendment. A public information meeting to discuss the proposed fee adjustment was held at the Department's headquarters in Madison on February 11, 2009. No members of the regulated community or the public attended the meeting.

Environmental Analysis

The requested Board action pertains only to an annual fee adjustment and not a rule amendment. It is therefore a Type III 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 401 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 149.21 (1) (b), 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 149.21 (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 2011 budget and fee adjustment proposal on February 9, 2010 and passed unanimously a resolution recommending that the Board approve the proposed adjustment. A copy of the signed resolution is included before the Fiscal Estimate form.

Fiscal Estimate

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

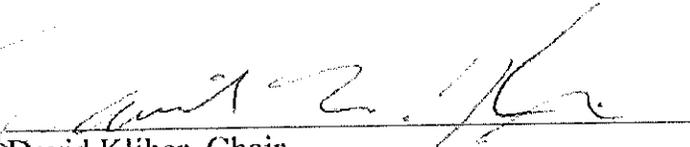
CERTIFICATION STANDARDS REVIEW COUNCIL RESOLUTION

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 149.21 (b), 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 2011 fee adjustment, then

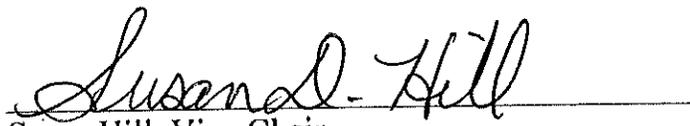
Therefore, be it resolved that the Certification Standards Review Council recommends the Natural Resources Board approve the Laboratory Certification and Registration Program's proposed Fiscal Year 2011 fee adjustment.



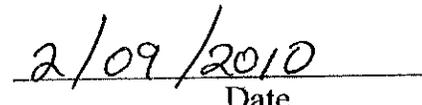
David Kliber, Chair
Certification Standards Review Council
S-F Analytical Laboratories



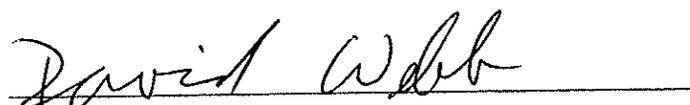
Date



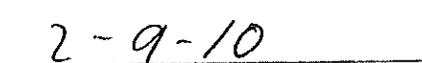
Susan Hill, Vice Chair
Certification Standards Review Council
State Laboratory of Hygiene



Date



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



Date

Fiscal Estimate — 2009 Session

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

Subject
 DNR Laboratory Certification and Registration Program Fees for FY 2011

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) (f)

Assumptions Used in Arriving at Fiscal Estimate

Rule Summary:

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 149.21 (1) (c), 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 (RVUs) 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.

Fiscal Estimate:

The program is projecting costs of \$591,157 for FY 2011. This figure represents a decrease of \$45,664 (7.2%) from the expenses of \$636,821 projected for FY 2010 and remains at \$139,543 (19.1%) below the program's FY2011 spending authority of \$730,700. The decrease results from reductions to salary and fringe costs from an existing vacancy in the program. The number of laboratories participating in the program has decreased by 12.

Per s. NR 149.21 (1) (c), 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. After subtracting \$12,000 for projected out-of-state evaluation travel expenses, the Department will need to collect \$579,157 in fee revenue to fund the program in FY 2011. This figure is \$21,664 (3.6%) less than the amount of fee revenue required to meet the program's FY 2010 budget. This fee adjustment applies only to FY 2011. Fee adjustments are determined annually.

Long-Range Fiscal Implications

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Fiscal Estimate — 2009 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 decrease by \$9 (0.9%). There are 266 local government laboratories participating in the Laboratory Certification and Registration Program, of which approximately 242 are typical laboratories. Typical government laboratories do not provide services for hire and are registered for performing simpler tests. The total reduction in costs to these typical local government laboratories will be \$2,178.

Fiscal Estimate Worksheet — 2009 Session
 Detailed Estimate of Annual Fiscal Effect

Original Updated
 Corrected Supplemental

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

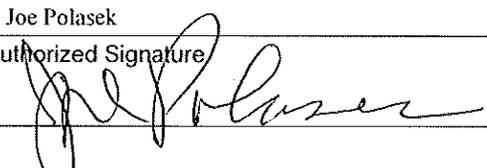
Subject
 DNR Laboratory Certification and Registration Program Fees for FY 2011

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			
GPR	\$	\$ -	
FED		-	
PRO/PRS		-	45,664
SEG/SEG-S		-	
State Revenues		Increased Revenue	Decreased Revenue
GPR Taxes	\$	\$ -	
GPR Earned		-	
FED		-	
PRO/PRS		-	21,664
SEG/SEG-S		-	
Total State Revenues	\$	\$ -	

Net Annualized Fiscal Impact

	<u>State</u>	<u>Local</u>
Net Change in Costs	\$ -45,664	\$ -2,178
Net Change in Revenues	\$ -21,664	\$

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