

SUBJECT: FY 2012 Laboratory Certification and Registration Program Fee Adjustment

FOR: MARCH 2011 BOARD MEETING

TO BE PRESENTED BY / TITLE: Camille Turcotte / Chief, Environmental Science Services

SUMMARY:

For the 2012 Fiscal Year (FY) the proposed fees represent a 5.3% decrease to participating laboratories. This fee decrease is made possible through the use of undesignated program reserves. The proposed budget for FY 2012 is \$598,359 which is a 1.2% (\$7,202) increase over FY 2011. The proposed budget, as has been the case in previous fiscal years, is well below the program's authorized spending authority. For FY 2012, the proposed budget is \$132,341 (18.1%) below the program's spending authority of \$730,700.

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. NR 149 assigns a number of relative value units (RVUs) for each fee item. 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.

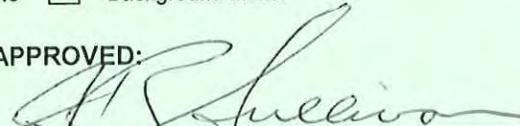
Details of the program's FY 2012 budget and proposed fee adjustment are included in the attached background memorandum.

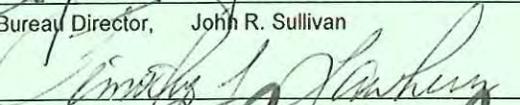
RECOMMENDATION: Approval of the proposed FY 2012 laboratory certification and registration fee adjustment.

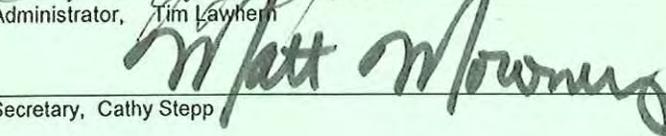
LIST OF ATTACHED MATERIALS:

- | | | | | | |
|----|-------------------------------------|---|-----|-------------------------------------|----------|
| 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:


 Bureau Director, John R. Sullivan


 Administrator, Tim Lawhern


 Secretary, Cathy Stepp

2/10/2011
Date

2/10/2011
Date

2/14/2011
Date

cc: NRB Liaison
 DNR Rules Coordinator

John R. Sullivan- SS/7
 Camille Turcotte- SS/7
 Rick Mealy- SS/7

Joe Renville- LE/8

CORRESPONDENCE/MEMORANDUM

DATE: February 15, 2011

TO: Natural Resources Board Members

FROM: Cathy Stepp, Secretary

SUBJECT: FY 2012 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.

For FY 2012 the proposed fees represent a 5.3% decrease to participating laboratories. This fee decrease is made possible through use of undesignated program reserves. The Department will collect sufficient fee revenue to cover projected operating expenses comprising the proposed budget for FY 2012 of \$598,359 which is a 1.2% (7,202) increase over FY 2011. The proposed budget, as has been the case in previous fiscal years, is below the program's authorized spending authority. For FY 2012, the proposed budget is \$132,341 (18.1%) below the program's \$730,700 estimated spending authority.

The number of RVUs available for FY 2012 is 10,127, representing a decrease of 30 (0.3%) units. The cost per RVU proposed for FY 2012 is \$54.00, which is \$3.00 (5.3%) less than the RVU cost in FY 2011. The number of laboratories in the program has declined, although not dramatically. For FY 2012 the program is distributing costs among 395 laboratories, 6 fewer (1.5%) than those in the program in FY 2011.

Recommendation for Board Action

The Department recommends the Board approve the program's FY 2012 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, 395 laboratories located in Wisconsin and in 17 other states participated in the program. The Department currently certifies 50 out of state laboratories. Eight (8) 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.



The Lab Certification and Registration program accredits 395 labs that perform testing on Wisconsin samples, including 50 labs in 17 states other than Wisconsin.

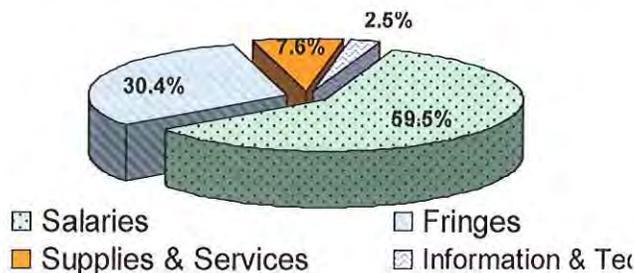
FY 2012 Budget

The program is submitting a budget of \$598,359 for FY 2012. This figure is \$7,202 (1.2%) more than the program’s FY 2011 budget, yet \$132,341 (18.1%) below its estimated \$730,700 spending authority for FY 2012. The increase in the proposed FY2012 budget comes mainly from a significant projected increase in the state fringe costs (as a percentage of salary) in the next biennium. Despite a 4.5% reduction in direct FTE salary costs, the costs of fringe benefits are increasing by 7.6% over FY 2011.

Projected FY 2012 Expenditures

Salary and fringe benefits constitute \$538,059 (89.9%) of the program’s FY 2012 budget. The remaining \$60,300 is distributed between allocations for supplies and services, and information and technology. Figure 1 below illustrates the distribution of the program’s FY 2012 budget expenditures.

Figure 1
Distribution of FY 2012 Budget Expenditures



Salary and Fringe

The FY 2012 salary and fringe expenses total \$538,059 (89.9%) of the program's budget. The program has authority for 7.39 full-time equivalent (FTE) positions. There are currently three FTE vacancies. The FY 2012 budget was constructed using the assumption that two of the three vacancies would be filled. In lieu of filling the third vacancy, the program has observed success with securing the services of a contract auditor to supplement program audit requirements. The FY 2012 budget is based on continuing this practice, and retaining only 6.39 FTE equivalents. The program's existing reserves will be used to fund the contract auditor 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 395 laboratories enrolled in the program and provide technical and regulatory support to Department staff and the regulated laboratory community.

The FY 2012 projected cost for salary and fringe is \$36,154 (6.5%) less than the corresponding costs in the FY 2011 budget. The budgeted amount includes \$24,000 for the contract auditor. However, existing program reserves will be used to fund this position; these costs will not be included in the budget calculations used to determine required fee revenue. Salary expenditures for FY 2012 are projected to be \$15,388 (4.4%) less than the corresponding costs in the FY 2011 budget. Fringe projections for FY 2012 are \$12,890 (7.6%) more than the corresponding costs in FY 2011. The cost of fringes for the 2011-13 biennium is projected to increase 12.6% from the 48.59% of salary in FY 2011 to 54.72% of salary for FY 2012. Our budget is based on this projection.

Supplies and Services

Supplies and services account for \$45,500 (7.6%) of the program's budget. This amount is \$13,800 (23.3%) less than that budgeted for FY 2011. Efforts have been made to create efficiencies and utilize technology such as switching to an electronic format and e-mailing program newsletters to reduce printing and postage costs.

The FY 2012 budget for in-state travel to perform laboratory evaluations is \$3,000 (15.0 %) less than the corresponding amount in the FY 2011 budget. The projected cost for out-of-state travel to perform laboratory evaluations has decreased in FY 2012 by \$2,000 (16.7 %). These decreases reflect a reduction in travel for on-site evaluations precipitated by the need to hire two replacement FTE auditors. The budget is based on assumption that there will be some time required to train new staff before they conduct on-site assessments. 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 2012 is \$27,000 (15.6%) less than the sum of the same expenses projected in FY 2011.

The Certification Standards Review Council has been a strong proponent of Outreach efforts. Due to staff limitations, however, the Department is projecting spending only \$2,500 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 2012 is \$14,800. This amount is \$500 (3.3%) less than the amount projected for FY 2011. Table 1 provides an itemized summary of the program's FY 2012 budget.

**Table 1
FY 2012 Laboratory Certification Program Budget**

Expenses

BUDGET ITEM	FY 2012 BUDGET
Salary and Fringe	\$ 538,059
FTE Salary	\$ 332,251
FTE Fringe	\$ 181,808
P/T Contract Auditor *	\$ 24,000
Supplies and Services	\$ 45,500
Office Supplies, Services, and Equipment	\$ 3,000
In-State Travel (Laboratory Audits)	\$ 17,000
Out-of-State Travel (Laboratory Audits)**	\$ 10,000
Outreach	\$ 2,500
Staff Training	\$ 5,000
Postage	\$ 2,500
Printing and Copying Services	\$ 500
Telecommunications	\$ 5,000
Information and Technology	\$ 14,800
Computers and Software	\$ 5,200
BTS Support Charges	\$ 9,600
TOTAL FY 2012 BUDGET EXPENSES	\$ 598,359

BTS= Bureau of Technology Services

- * Using undesignated reserves vs. fee revenue
- ** Program receives re-imbursment for out-of-state travel

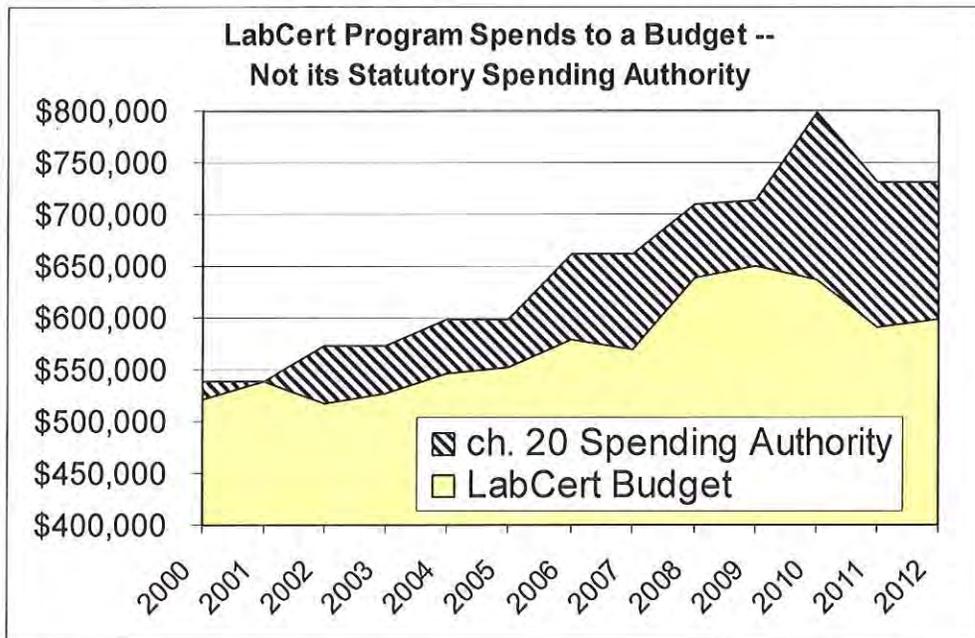
Revenues

LabCert Fee Revenue	\$ 546,858
LabCert base fee revenue: RVU=2750	\$ 148,500
LabCert matrix fee revenue: RVU=2520	\$ 136,080
LabCert technology fee revenue: RVU=4697	\$ 253,638
LabCert application fee revenue: RVU= 160	\$ 8,640
** Out-of-State Travel Re-imbursments	\$ 10,000
Designated Reserve Supplement	\$ 44,000
* Contractor support	\$ 24,000
One-time utilization to reduce fees	\$ 20,000
TOTAL FY 2012 BUDGET REVENUES	\$ 600,858
PROJECTED SURPLUS/SHORTFALL	\$ 2,499

Fee Revenue Necessary to Fund FY 2012 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 Figure 2.

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



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. For FY 2012, the program is projecting \$10,000 for reimbursable travel expenditures.

The Department has for many years operated this program with a 5-10% (\$20-60,000) undesignated reserve balance. For FY2012, the Department proposes to designate a total of \$44,000 from undesignated reserves to offset fees charged to laboratories participating in the program. \$24,000 will be allocated to pay for the services of a contract auditor (in lieu of filling a vacancy). An additional \$20,000 will be applied to reduce fees for our lab customers.

The program’s projected operating expenses of \$598,359 are adjusted by subtracting \$10,000 for out-of-state audit travel reimbursement, and \$44,000 from use of undesignated reserves. Subsequently, the Department will need to collect \$544,359 to fund the remainder of the program’s FY 2012 operating expenses.

Determination of FY 2012 Fee Schedule

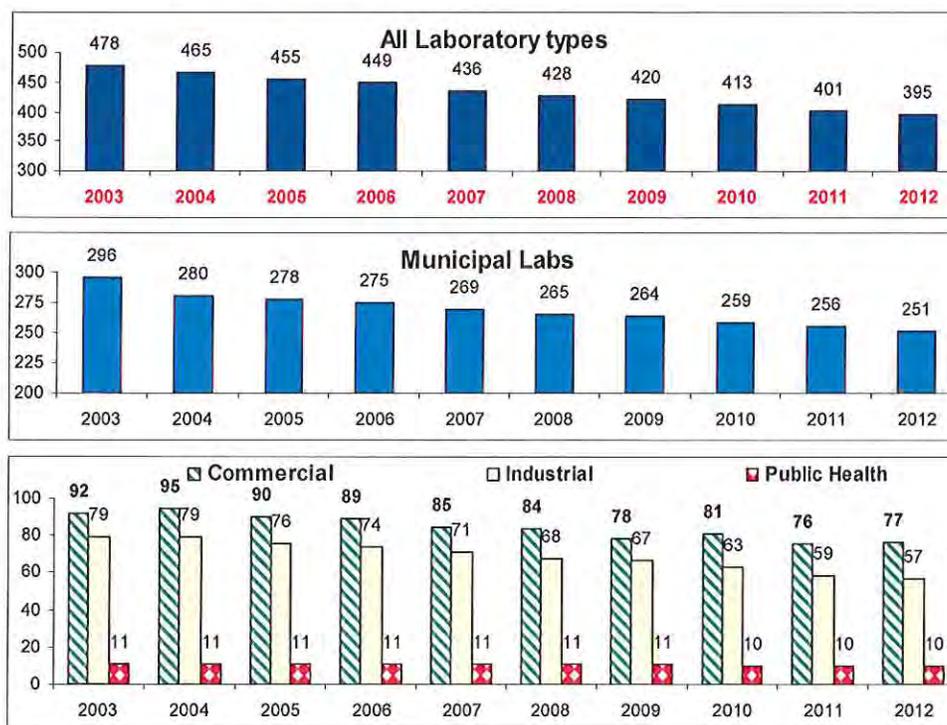
The fee formula established in s. NR 149.21 (1) (c) uses a relative value system to distribute equitably, among all participating laboratories, the cost of administering the program. The system defines a relative value unit (RVU) as the basis for costs. The relative value of each fee item is specified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

RVU assignments are based on the complexity of an analytical technique. 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 required fee revenue, as outlined above, 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, whether they are certified or registered, the number of matrices analyzed and the scope of analytical techniques used. As Figure 3 illustrates, it is projected that there will be six fewer laboratories participating in the program at the onset of FY 2012 than there were at the onset of FY 2011, a decrease of 1.5%.

**Figure 3
Number of Laboratories by Fiscal Year**



For FY 2012, the Department projects 395 laboratories will be certified or registered contributing a total of 10,127 RVUs. This represents a decrease of 30 (0.3%) RVUs. The FY 2012 cost per RVU is calculated by dividing the required fee revenue, \$544,359, by the 10,127 RVUs available, which yields a cost of \$53.75 per RVU, rounded, for billing ease, to the nearest half dollar to \$54.00. This represents a decrease of \$3.00 (5.3%) from the cost of an RVU in FY 2011.

Table 2 summarizes alternative premises for budgeting and fee collection and the affect they would have on laboratory fees and the program’s balance sheet. Three options were considered including whether or not to utilize a contract auditor and how much of undesignated reserve to apply to reduce fees.

**Table 2
Alternative Bases for Fee Collection**

	FY2012 (proposed)	Option 1	Option 2	Option 3	Full ch. 20 Spending Authority
<i>Use Contractor</i>	Yes	No	No	Yes	Yes
<i>Use Undesignated Reserve:</i>	\$44,000	\$20,000	\$0	\$24,000	\$0
Total Expenses	\$ 598,359	\$ 574,359	\$ 574,359	\$ 598,359	\$ 598,359
Total Revenues	\$ 600,858	\$ 576,858	\$ 572,049	\$ 621,366	\$ 729,017
Projected Surplus / (Shortfall)	\$ 2,499	\$ 2,499	\$ (2,310)	\$ 23,007	\$ 130,658
Cost/RVU	\$ 54.00	\$ 54.00	\$ 55.50	\$ 58.00	\$ 71.00
Avg Municipal WWTP fee (FY11: \$969)	\$ 918.00	\$ 918.00	\$ 943.50	\$ 986.00	\$ 1,207.00
Avg Commercial Lab fee (FY11: \$4,275)	\$ 4,050.00	\$ 4,050.00	\$ 4,162.50	\$ 4,350.00	\$ 5,325.00
Comparison to FY 2011 fees	-5.3%	-5.3%	-2.6%	1.8%	24.6%

The proposed Wisconsin laboratory certification and registration fees will continue to remain below those of many other states with comparable programs, as illustrated by Figures 4 and 5 below.

**Figures 4 & 5
Comparison of Various Annual State Laboratory Certification Fees**

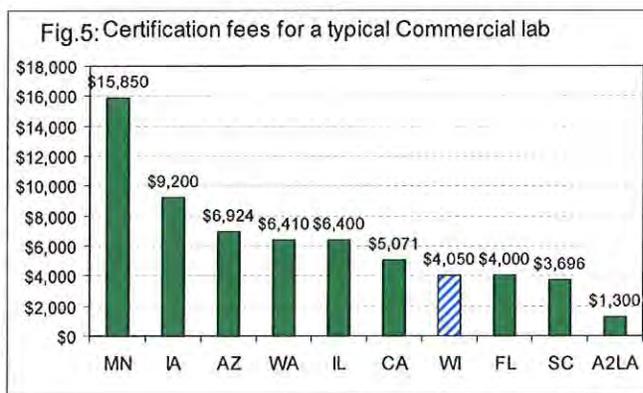
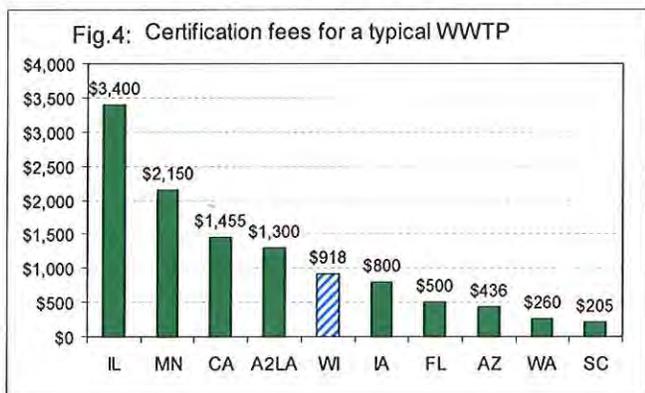


Figure 4 shows that the proposed annual fees for a typical wastewater treatment plant laboratory are below those of three states with comparable programs, each (CA, IL, MN) and below those of A2LA (a not-for-profit third party accreditor of environmental laboratories).

Figure 5 shows that the proposed annual fees for a typical commercial laboratory certified in Wisconsin are below those of six states with comparable programs. The A2LA figure does 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.

The fee schedule for FY 2011 and the proposed fee schedule for FY 2012 are presented in Table 3.

**Table 3
Laboratory Certification and Registration Program
FY 2011 and Proposed FY 2012 Fee Schedules**

FEE Item	# RVU	FY2011 FEE	(proposed) FY2012 FEE
Administrative Fees			
Late Renewal Fee	2	\$ 114.00	\$108.00
Application Fees			
Reciprocity	4	\$ 228.00	\$216.00
Initial	6	\$ 342.00	\$324.00
Revised	3	\$ 171.00	\$162.00
Transfer of Ownership	4	\$ 228.00	\$216.00
Accreditation Type Base Fees			
Reciprocity	10	\$ 570.00	\$540.00
Certified	10	\$ 570.00	\$540.00
Registered	5	\$ 285.00	\$270.00
Matrix Fees			
Aqueous	5	\$ 285.00	\$270.00
Drinking Water	5	\$ 285.00	\$270.00
Solids	5	\$ 285.00	\$270.00
Analytical Technology, Aqueous and Solid			
Oxygen Demand Assays (BOD or cBOD) <i>[Aqueous matrix only]</i>	3	\$ 171.00	\$162.00
Colorimetric or Nephelometric (Turbidimetric)	2	\$ 114.00	\$108.00
Combustion or Oxidation	2	\$ 114.00	\$108.00
Electrometric Assays (e.g. Probe, Ion-Selective Electrode)	1	\$ 57.00	\$54.00
Gravimetry - Residue (Solids)	1	\$ 57.00	\$54.00
Gravimetry - Hexane Extractable Materials (HEM) <i>[Aqueous matrix only]</i>	2	\$ 114.00	\$108.00
Ion Chromatography (IC)	3	\$ 171.00	\$162.00
Titrimetric or Potentiometric Titration Assays	1	\$ 57.00	\$54.00
Cold Vapor Atomic Absorption or Gaseous Hydride Spectrophotometry	3	\$ 171.00	\$162.00
Flame Atomic Absorption Spectrophotometry	2	\$ 114.00	\$108.00
Graphite Furnace Atomic Absorption Spectrophotometry	3	\$ 171.00	\$162.00
Inductively Coupled Plasma Emission Spectrophotometry (ICP)	4	\$ 228.00	\$216.00
Inductively Coupled Plasma-Mass Spectrometry (ICP/MS)	5	\$ 285.00	\$270.00
Ultra-Low Level Metals Assays	3	\$ 171.00	\$162.00
Gas Chromatography (GC)	3	\$ 171.00	\$162.00
Gas Chromatography-Mass Spectrometry (GC/MS)	4	\$ 228.00	\$216.00
High Resolution Gas Chromatography-Mass Spectrometry (HRGC/MS)	10	\$ 570.00	\$540.00
High Performance Liquid Chromatography (HPLC)	3	\$ 171.00	\$162.00
Liquid Chromatography-Mass Spectrometry	4	\$ 228.00	\$216.00
Whole Effluent Toxicity Assays <i>[Aqueous matrix only]</i>	5	\$ 285.00	\$270.00
Cold Vapor Atomic Fluorescence Spectrometry (CVAFS)	3	\$ 171.00	\$162.00
Thermal Decomposition Atomic Absorption	3	\$ 171.00	\$162.00
Waste Characterization Extractions <i>[Solid matrix only]</i>	1	\$ 57.00	\$54.00
Waste Characterization Assays <i>[Solid matrix only]</i>	1	\$ 57.00	\$54.00
<i>Maximum Aqueous Technology Fee</i>	22	\$ 1,254.00	\$1,188.00
<i>Maximum Solids Technology Fee</i>	22	\$ 1,254.00	\$1,188.00
Analytical Class, Drinking Water			
Disinfection Byproducts	5	\$ 285.00	\$270.00
Primary Inorganic Contaminants (Non-Metals)	3	\$ 171.00	\$162.00
Primary Inorganic Contaminants (Metals)	6	\$ 342.00	\$324.00
Secondary Contaminants (Non-Metals)	2	\$ 114.00	\$108.00
Secondary Contaminants (Metals)	3	\$ 171.00	\$162.00
Synthetic Organic Contaminants (SOC) - Dioxin	8	\$ 456.00	\$432.00
SOC - Organochlorine Pesticides	3	\$ 171.00	\$162.00
SOC - N/P Pesticides	3	\$ 171.00	\$162.00
SOC - Herbicides	3	\$ 171.00	\$162.00
SOC - Miscellaneous	4	\$ 228.00	\$216.00
Trihalomethanes (THM)	2	\$ 114.00	\$108.00
Volatile Organic Compounds (VOC)	4	\$ 228.00	\$216.00
<i>Maximum Drinking Water Class Fee</i>	31	\$ 1,767.00	\$1,674.00
Average Commercial Lab Fee		\$4,275.00	\$4,050
Average WWTP Lab Fee		\$ 969.00	\$918
Maximum Lab Fee (100 RVU)		\$5,700.00	\$5,400
Current RV Value		\$ 57.00	\$ 54.00
Current Capped RV Total		10157	10127

Public Information Meetings

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 9, 2011. 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. Of the program's 395 certified and registered labs, 134 are private businesses; these facilities include small in-state and out-of-state commercial laboratories and industrial facilities. Approximately 20 of these laboratories (14.9%) fit the definition of "small business" specified in s. 227.114(1) Stats. 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 2012 budget and fee adjustment proposal on February 8, 2011 and passed a resolution recommending that the Board approve the proposed adjustment. A copy of the signed resolution is attached.

Fiscal Estimate

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

Fiscal Estimate — 2011 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 NR149

Subject
 DNR Laboratory Certification and Registration Program Fees for FY2012

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

RULE SUMMARY

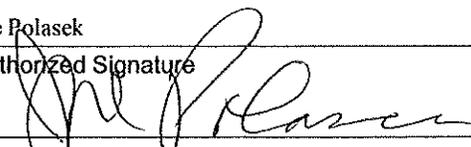
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FISCAL ESTIMATE

The program is projecting costs of \$598,359 for FY 2012. This figure represents an increase of \$7,202 (1.2%) from the budgeted expenses of \$591,157 for FY 2011 and remains at \$132,341 (18.1%) below the program's FY2012 spending authority of \$730,700. The increase results largely from a significant increase (12.6%) in the projected proportion, as a percentage of direct salary costs, of fringe benefits. In fact, direct FTE salary costs are projected to decrease by 4.4% from FY 2011. The net number of laboratories participating in the program has decreased by 6.

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 \$10,000 for projected reimbursement of out-of-state evaluation travel expenses, and applying \$44,000 of unspent cash reserves, the Department will need to collect \$544,359 in fee revenue to fund the program in FY 2012. This figure is \$34,798 (6.0%) less than the amount of fee revenue required to meet the program's FY 2011 budget. This fee adjustment applies only to FY 2012. Fee adjustments are determined annually.

Long-Range Fiscal Implications

Prepared By: Joe Polasek	Telephone No. 266-2794	Agency Department of Natural Resources
Authorized Signature 	Telephone No. 266-2794	Date (mm/dd/ccyy) 02-04-11

Fiscal Estimate — 2011 Session

**Page 2 Assumptions Narrative
Continued**

LRB Number	Amendment Number if Applicable
Bill Number	Administrative Rule Number

Assumptions Used in Arriving at Fiscal Estimate – Continued

LOCAL GOVERNMENT LABORATORIES

Fees for local government laboratories will decrease by \$3.00 an RVU (5.3% decrease). Fees for a wastewater treatment facility (WWTF) that analyzes BOD, TSS, phosphorus, and ammonia will be \$918.00 in FY2012 compared to \$969.00 charged in FY2011. Currently, there are 251 municipal wastewater treatment facility laboratories that participate in the Laboratory Certification and Registration Program. There are a total of 4408 RVUs that are from the 251 municipal WWTF labs. At a savings of \$3.00/RVU, a total savings of \$13,224 would be realized by these municipal WWTF labs. Therefore, the total reduction in costs to these local government laboratories will be \$13,224.

Fiscal Estimate Worksheet — 2011 Session
 Detailed Estimate of Annual Fiscal Effect

Original Updated
 Corrected Supplemental

LRB Number	Amendment Number if Applicable
Bill Number	Administrative Rule Number NR149

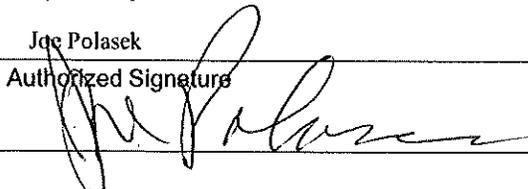
Subject
 DNR Laboratory Certification and Registration Program Fees for FY2012

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		7,202	-
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		-	34,798
SEG/SEG-S		-	-
Total State Revenues		\$ -	\$ -

Net Annualized Fiscal Impact

	<u>State</u>	<u>Local</u>
Net Change in Costs	\$ 7,202	\$ -12,240
Net Change in Revenues	\$ -34,798	\$ -

Prepared By: Joe Polasek	Telephone No. 266-2794	Agency Department of Natural Resources
Authorized Signature 	Telephone No. 266-2794	Date (mm/dd/ccyy) 02-04-11

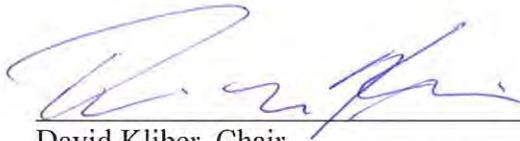
CERTIFICATION STANDARDS REVIEW COUNCIL RESOLUTION

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 2012 fee adjustment, then

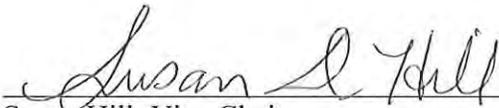
Therefore, be it resolved that the Certification Standards Review Council recommends the Natural Resources Board approve the Laboratory Certification and Registration Program's proposed Fiscal Year 2012 fee adjustment.



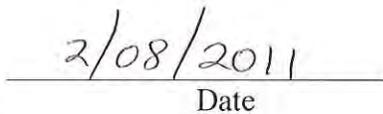
David Kliber, Chair
Certification Standards Review Council
S-F Analytical Laboratories



Date



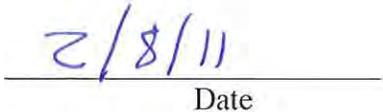
Susan Hill, Vice Chair
Certification Standards Review Council
State Laboratory of Hygiene



Date



Camille Turcotte, Chief
Environmental Science Services Section
Bureau of Science Services
Department of Natural Resources



Date