



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #579

### **Safety and Buildings Staff (DSPS -- Buildings and Environmental Regulation)**

[LFB 2013-15 Budget Summary: Page 422, #2 (part)]

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#### **CURRENT LAW**

The Division of Safety and Buildings and Division of Environmental Regulatory Services were transferred from the former Department of Commerce to DSPS, effective in 2011-12. In 2012, DSPS consolidated the two Divisions into the Division of Industry Services. Within the Division, the safety and buildings program administers building code, plan review, and inspection activities related to construction such as commercial buildings, multi-family dwellings, one- and two-family dwellings, plumbing, private sewage systems, electrical and heating systems, boilers, elevators, electrical wiring, fire safety codes, and amusement rides. The program also issues credentials for persons who perform related activities. The program is primarily funded from a program revenue general operations appropriation which receives revenues from plan review, inspection, and credentialing activities. In 2011-12, DSPS received \$15.6 million in program revenue to the safety and buildings appropriation, expended \$12.4 million, and transferred \$1,500,000 from the appropriation account to the general fund as part of the obligation of agencies to transfer from PR and GPR accounts to improve the balance of the general fund. In 2012-13, the safety and buildings appropriation has expenditure authority of \$15.6 million PR with 129.14 PR positions.

#### **GOVERNOR**

Provide an additional \$192,200 PR annually with 2.0 PR positions to the Safety and Buildings operations appropriation.

## DISCUSSION POINTS

1. Safety and buildings program revenues come from several plan review, inspection, and licensing fees. Annual revenues reached a high of \$18.2 million in 2004-05, and decreased to \$14.1 million in 2008-09. The lower revenue was a result of the decline in construction during the economic slowdown.

2. The following table shows the estimated condition of the safety and buildings appropriation account from 2011-12 through 2014-15. In each of 2011-12 and 2012-13, DSPS is transferring \$1.5 million from the account balance to the general fund. Since 2008-09, the former Department of Commerce and current DSPS have held positions vacant in order to maintain expenditures within available revenues and to meet the Department's obligation to transfer funds to the general fund. In addition, the 2011-13 biennial budget act deleted 27.66 long-term vacant positions from the program, resulting in the current authorization of 129.14 positions.

3. DSPS officials indicate the Department plans to meet part of its 2013-15 obligation to transfer program revenues to the general fund by transferring \$1,855,600 in each of 2013-14 and 2014-15 from the balance of the safety and buildings operations appropriation to the general fund. They also indicate that if revenues are not sufficient to fulfill both program needs and planned transfers to the general fund, the Department might decrease transfers from the safety and buildings appropriation and increase transfers from license program revenues received from other professionals regulated by the Department.

4. As of March 23, 2013, 34.79 of the 129.14 authorized positions were vacant. Filled positions include the two positions in the bill since DSPS has already transferred the two incumbent employees who would fill the two new positions into prior vacancies in the safety and buildings operations appropriation. Examples of the types of vacant job classifications include engineering consultant for electrical, plumbing, building, or fire suppression systems; engineering consultant for one- and two-family dwellings, building inspector, plumbing plan reviewer, private sewage system plan reviewer, elevator safety inspector, boiler safety inspector, engineering program management consultant, engineering specialist, records management supervisor, section chief for field operations, communications specialist, and license permit program associate. DSPS officials indicate the Department is in the process of recruiting 18 of the 34.79 vacant positions, and the Department hopes to be able to fill 7.6 of the remaining vacancies when revenues are sufficient to support the positions. The Department does not plan to fill the remaining 9.19 vacancies.

## Safety and Buildings General Operations -- Program Revenues and Expenditures

	2011-12 <u>Actual</u>	2012-13 <u>Estimated</u>	2013-14 <u>Bill</u>	2014-15 <u>Bill</u>
Opening Balance, July 1	\$460,100	\$2,131,300	\$2,456,300	\$1,125,300
<b>Revenue</b>				
Building plan reviews and inspections	\$4,747,200	\$4,700,000	\$5,027,900	\$4,700,000
Plumbing licenses	1,542,500	800,000	800,000	1,500,000
Plumbing plan reviews	1,568,800	1,450,000	1,399,000	1,450,000
Boiler inspections	1,693,400	1,650,000	1,650,000	1,650,000
Elevator inspections	1,411,900	1,442,700	1,269,900	1,442,700
Private sewage plan reviews	853,200	800,000	850,000	800,000
Septic tank permits	831,700	800,000	800,000	800,000
One- and two-family building permit fees	845,600	715,900	850,000	715,900
Electrical program fees	517,800	780,000	590,500	780,000
Building contractor registrations	205,800	285,000	200,000	285,000
Manufactured home licenses and title fees	481,200	283,000	411,600	283,000
Amusement ride and ski tow inspection fees	223,400	250,000	234,900	250,000
HVAC and ozone refrigerant certifications	73,900	100,000	80,000	100,000
Swimming pool plans	259,800	260,000	260,000	260,000
Other revenues	<u>323,600</u>	<u>308,400</u>	<u>336,200</u>	<u>308,400</u>
Total Revenue	\$15,579,800	\$14,625,000	\$14,760,000	\$15,325,000
 Total Revenue Available	 \$16,039,900	 \$16,756,300	 \$17,216,300	 \$16,450,300
<b>Expenditures</b>				
Actual / authorized expenditures	\$12,408,600	\$15,620,600	\$15,142,000	\$15,157,200
Reserves for compensation and health insurance	0	0	293,400	583,500
DSPS planned expenditure reductions	0	-2,820,600	0	0
Additional expenditure reductions that will be required to maintain positive balance	<u>0</u>	<u>0</u>	<u>-1,200,000</u>	<u>-1,200,000</u>
Total Expenditures	\$12,408,600	\$12,800,000	\$14,235,400	\$14,540,700
 Transfer to general fund under budget bill requirements	 1,500,000	 1,500,000	 1,855,600	 1,855,600
 Total Expenditures and Transfers	 \$13,908,600	 \$14,300,000	 \$16,091,000	 \$16,396,300
 Closing Balance, June 30	 \$2,131,300	 \$2,456,300	 \$1,125,300	 \$54,000

5. DSPS officials also indicate that the safety and buildings operations appropriation expects to spend up to \$1.3 million in each of 2013-14 and 2014-15 for internal information technology improvements and DOA information technology charges. The bill provides no additional expenditure authority or revenues for these costs. However, budget papers #571 and #572 discuss the Governor's recommendations related to provision of expenditure authority to the Department for information technology. If approved, these DSPS information technology expenditures would make it more difficult to fill existing vacant staff positions.

6. Revenues are insufficient to fill all existing authorized positions. Thus, there will not be sufficient revenue to fill the two additional positions provided under the bill. The Committee

could choose to delete the two positions (Alternative 2).

7. DSPS does not plan to fill at least nine existing vacancies in the foreseeable future. The nine vacant positions could also be deleted, along with \$673,300 annually (Alternative 3), in recognition of current plans to hold vacancies and expenditures to within available revenues.

8. If revenues increase and workload would support additional staff, DSPS could fill up to seven or eight additional vacancies. If building activity increases to a level sufficient to provide revenues for workload that exceeds remaining authorized positions, DSPS could request additional positions from the Joint Committee on Finance through the s. 16.505/515 passive review process or future budget legislation.

## ALTERNATIVES

1. Approve the Governor's recommendation to provide \$192,200 PR annually and 2.0 PR positions to the Safety and Buildings operations appropriation.

2. Maintain current law.

ALT 2	Change to Bill	
	Funding	Positions
PR	- \$384,400	- 2.00

3. Delete the Governor's recommendation of \$192,200 PR and 2.0 PR positions. Delete an additional \$673,300 PR annually and 9.0 PR vacant positions in the Safety and Buildings operations appropriation.

ALT 3	Change to Bill	
	Funding	Positions
PR	- \$1,731,000	- 11.00

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