



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #695

Building Plan Review (Safety and Professional Services -- Safety and Buildings Programs)

[LFB 2023-25 Budget Summary: Page 565, #1]

CURRENT LAW

The Department of Safety and Professional Services (DSPS) administers Chapters SPS 361 to 366 of administrative code under the Department's statutory responsibility to protect the health, safety, and welfare of the public and employees by establishing minimum standards for the design, construction, maintenance, and inspection of public buildings, including multifamily dwellings and places of employment. Chapter SPS 302 details fees for plans subject to review. Fees from these activities are deposited as program revenue (PR) into the DSPS building trades general operations appropriation.

DISCUSSION POINTS

1. Assembly Bill 43/Senate Bill 70 would provide 25.0 positions, allocated to three different review methods, to increase commercial building plan review staff in the Division of Industry Services. The three review methods described in the following paragraphs would be intended to increase plan review staff to facilitate reviews in ways suggested by construction industry participants:

(a) *Schedule-in-Advance Plan Review*. DSPS would be allocated ongoing funding of \$470,300 in 2023-24 and \$610,200 in 2024-25 with 7.0 permanent plan review positions to conduct plan reviews that are scheduled in advance of plan paperwork submission, but not submitted until 48 hours prior to review appointments with DSPS. The positions would be intended to respond to certain construction firms that utilize a plan creation process whereby the final plan is not complete until shortly before construction. DSPS and the Administration intend for the provision to accommodate plan reviews in a timely manner commensurate with actual building

timelines. All 7.0 positions would be supported by the DSPS appropriation for safety and buildings general operations. Position titles and funding are shown in Table 1.

TABLE 1

Schedule-in-Advance Plan Review -- Assembly Bill 43/Senate Bill 70

<u>Position Title/Category</u>	<u>Positions</u>	<u>Funding</u>	
		<u>2023-24</u>	<u>2024-25</u>
Senior Commercial Building Plan Reviewer	2.00	\$110,400	\$147,200
Fire Systems Plan Reviewer	2.00	110,400	147,200
Plumbing Plan Reviewer	2.00	94,300	125,700
Senior Elevator Plan Reviewer	<u>1.00</u>	<u>55,200</u>	<u>73,600</u>
Subtotal	7.00	\$370,300	\$493,700
Supplies and Services		\$100,000	\$116,500
Total	7.00	\$470,300	\$610,200

(b) *Four-Week Plan Review.* DSPS would be provided ongoing funding of \$972,500 in 2023-24 and \$1,263,000 in 2024-25 with 14.0 permanent positions to provide building and plumbing plan review in four weeks or less. DSPS has reported that discussions with industry stakeholders suggested that plan reviews should occur in 20 business days or less to align with construction industry practices. All 14.0 positions would be allocated to the DSPS appropriation for safety and buildings general operations. Position titles and funding are shown in Table 2.

TABLE 2

Four-Week Plan Review -- Assembly Bill 43/Senate Bill 70

<u>Position Title/Category</u>	<u>Positions</u>	<u>Funding</u>	
		<u>2023-24</u>	<u>2024-25</u>
Senior Commercial Building Plan Reviewer	6.00	\$331,000	\$441,400
Fire Systems Plan Reviewer	4.00	220,700	294,300
Plumbing Plan Reviewer	3.00	141,400	188,600
Senior Elevator Plan Reviewer	1.00	55,200	73,600
Miscellaneous Salary and Fringe Benefits		<u>24,200</u>	<u>32,100</u>
Subtotal	14.00	\$772,500	\$1,030,000
Supplies and Services		\$200,000	\$233,000
Total	14.00	\$972,500	\$1,263,000

(c) *Accelerated Review of Small Projects*. DSPPS would be provided ongoing funding of \$270,000 in 2023-24 and \$350,200 in 2024-25 with 4.0 permanent positions to provide building and plumbing plan reviews in one week for small and simple plans. The 4.0 positions would include: (a) 1.0 commercial building plan reviewer; (b) 1.0 plumbing plan reviewer; (c) 1.0 fire systems plan reviewer; and (d) 1.0 elevator plan reviewer.

2. The DSPPS Division of Industry Services (DIS) provides required plan review services and/or inspections of commercial buildings, boiler and pressure vessels, electrical, elevators, gas systems, mechanical refrigeration, plumbing, private on-site wastewater treatment systems (POWTS), public swimming pools, amusement parks, and ski lifts. The separate disciplines listed require separate plan application and review. Plan reviews are performed by DIS or municipalities that have been delegated authority to review certain plans under current law.

3. All plan review must be submitted electronically through the Department's Electronic Safety and Licensing Application (eSLA). Applicants create user profiles, submit relevant application materials, and await DSPPS or delegated agent contact for subsequent action. If additional documentation is needed, the process of approval may take longer than instances where all materials and information have been submitted.

4. As of May 1, 2023, DSPPS is authorized 46.0 positions in the Division of Industry Services Bureau of Technical Services (BTS). BTS staff are primarily responsible for plan review of commercial buildings, plumbing, and fire suppression systems. BTS is authorized 17.0 building systems consultants of varying classifications, 12.0 plumbing plan reviewers, 6.0 fire suppression consultants, 3.0 electrical systems consultants, and 1.0 heating/ventilation/air conditioning consultant. Additional positions are associated with bureau management, the uniform (single-family) dwelling code, and plumbing product review.

5. DSPPS reports that in 2019 and 2020, the Department met with stakeholders and legislators during which it was suggested that plan review should occur in 30 business days to align with construction industry practices. The Department indicates that changes to permitting processing begun in 2020 included: (a) ceasing a scheduling calendar by which plan submitters would book favorable review appointments with the Department, and potentially for several times such that appointments that never would occur were nonetheless reserved; and (b) reviewing plans in the order in which they are received in final form.

6. The Department reports that it currently meets or exceeds the 30-day goal and that the three proposals under the bill would respond to industry feedback and enable DSPPS to further exceed the 30-day goal. As of May 31, 2023, DSPPS's published estimated review response time for commercial building plans was 18 business days. Plumbing reviews were estimated at 16 days, while elevator plan reviews were estimated at 13 days.

7. In 2022, the Legislative Council Study Committee on the Commercial Building Permitting Process was formed to address the commercial building permitting protocols and discuss improvements. Industry leaders and stakeholders emphasized the desire for accelerated plan review. Individuals discussed the variability of construction timelines and the need for expeditiousness in certain types of projects.

8. Table 3 shows the structural condition of the safety and buildings general operations appropriation, which would support the positions under the provision. (The condition is shown in greater detail in Paper #680.) Anticipated ongoing revenues under current law would exceed authorized expenditures under the account by \$1.3 million on an annual basis under Committee action to date. However, this does not include likely transfers for administrative costs, which are expected at \$3 million annually, and could leave revenues and total expenditures imbalanced under current law if not otherwise reduced.

9. Under the proposal, \$2.2 million in base expenditure authority would be provided each year beginning in 2024-25. This level of expenditures would require additional revenues of \$0.9 million each year. While the account has seen revenues above \$17.8 million in certain years recently, revenues may vary with construction starts and other building activity throughout the state, which can be influenced by broader economic and population trends. Under the provision, the account would be projected to begin depleting available balances if revenues were below those shown in Table 3. These figures do not account for action the Committee may take on other provisions remaining under consideration, such as for information technology costs or other DSPS staffing. These figures also do not include the aforementioned transfers for administrative costs, which are expected at \$3 million annually, and would further increase the difference in revenues and total expenditures.

TABLE 3

Safety and Buildings PR Account Structural Condition

	<u>Amount (Millions \$)</u>	
	<u>Base (2024-25)</u>	<u>Provision (2024-25)</u>
Revenues	\$17.8	\$17.8
Expenditures (Positions)		
Committee Action to Date (113.7)	- \$16.5	- \$16.5
Four-Week Plan Review (14.0)	0.0	- 1.3
Schedule-in-Advance Plan Review (7.0)	0.0	- 0.6
Accelerated Review of Small Projects (4.0)	<u>0.0</u>	<u>- 0.3</u>
Subtotal	- \$16.5	- \$18.7
Structural (Revenues less Expenditures)	\$1.3	- \$0.9

10. Two bills recommended by the Commercial Building Permitting Process Study Committee that are now pending before the Legislature could further affect DSPS plan review revenues. 2023 Senate Bill 186/Assembly Bill 197 would create options for scheduling plan review appointments and plan submittal, with full payment of plan review fees upon scheduling an appointment, and refunds available under different scenarios in the event of a cancellation. The bill would also increase the number of plumbing fixtures at which plan reviews must be completed, provided the plans are prepared by certain credentialed or experienced professionals. 2023 Senate Bill 187/Assembly Bill 198 would increase building sizes or project types that could be reviewed by delegated local governments, and repeal certain fees forwarded by delegated municipalities to DSPS. In both cases, revenues to the DSPS safety and buildings regulation appropriation could be affected by the pending legislation.

11. DSPS indicated in its September, 2022, agency budget request that the provisions represented a range of options for expediting plan review services. Additionally, because the provisions are collectively estimated to result in safety and buildings budgeted expenditures exceeding revenues, the Committee could provide positions and funding associated with one or more of the three building plan review options [Alternatives 1 through 3].

12. The Committee could also consider providing any authorized positions on a project basis [Alternative 4]. A comparison of DSPS-published figures on commercial building plan reviews in the first four months of the last two calendar years shows generally fewer submitted building plans in 2023 (2,756) than in 2022 (2,832). Further, larger economic trends, including increased costs of supplies and financing for commercial developments, may continue to moderate construction activity in the 2023-25 biennium, and keep plan review activity at levels manageable by current staff within desired timeframes. The authorization of project positions would allow for an evaluation of changes in program processing timelines during the 2023-25 biennium for the service areas to which the staffing would be assigned.

13. The Committee could also take no action [Alternative 5]. As DSPS reports commercial building plan reviews are occurring within 18 days, a goal of reducing plan reviews to 20 days or fewer would appear to have been met at present staffing and activity levels. The Legislature could consider additional action in the future, pending the resolution of proposed legislative changes to DSPS program administration.

ALTERNATIVES

1. Provide 7.0 positions with \$470,300 in 2023-24 and \$610,200 in 2024-25. (This would adopt staffing and funding associated with the option for scheduling plan reviews in advance and submitting plans within 48 hours of an appointment.)

ALT 1	Change to Base	
	Funding	Positions
PR	\$1,080,500	7.00

2. Provide 14.0 positions with \$972,500 in 2023-24 and \$1,263,000 in 2024-25. (This would adopt staffing and funding associated with the option for conducting all plan reviews within 20 days of submittal.)

ALT 2	Change to Base	
	Funding	Positions
PR	\$2,235,500	14.00

3. Provide 4.0 positions with \$270,000 in 2023-24 and \$350,200 in 2024-25. (This would

adopt staffing and funding associated with the option for accelerated review of small projects.)

ALT 3	Change to Base	
	Funding	Positions
PR	\$620,200	4.00

4. Provide positions under Alternatives 1, 2, or 3 as project positions.
5. Take no action.

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