

Lapsing of Fee Revenue from the DSPS Safety and Buildings Operation Appropriation

The Safety and Buildings Operation Appropriation, under section 20.165 (2) (j), Wisconsin Statutes, contains program revenue of the Department of Safety and Professional Services. That program revenue is from fees paid for services such as licensing, plan review and inspection, which are provided by the Industry Services Division of the DSPS. That Division operates almost exclusively on program revenue generated from fees for its direct customer services.

Since 2002, due to challenging economic times, the Safety and Buildings Operation Appropriation has experienced the lapsing of more than \$15.5 million in fee-based program revenue to the state's general fund. In fiscal year 2014 alone over \$1.8 million was lapsed.

Lapsing of funds has resulted in the DSPS being unable to implement legislation related to building and fire safety. Administrative rules for inspection of electrical construction, which were mandated by 2007 Wisconsin Act 63, and 2013 Wisconsin Act 143, have not yet been promulgated. Nor has the Department convened a code council to advise in development of administrative rules for credentialing inspectors of fire detection, prevention and suppression devices. Such rules are required by 2013 Wisconsin Act 270.

Code development related to public health and safety has been hampered due to lapsing of fee revenue. Energy conservation code upkeep has also fallen behind; with the DSPS unable to submit a code update report to the legislature in 2013 as required by state law.

Due to lack of resources advisory code council meetings during the three year period of 2011 through 2013 have fallen off by 47% compared to the previous seven years.

Left unchecked, the diversion of customer fee revenue from the Safety and Buildings Operation Appropriation will cause the DSPS ever more challenging times. Such an outcome is all but assured by the effects of lapsing coupled with the long-standing statutory direction on DSPS fee setting.

In accordance with section 101.19 (1) (g), Wisconsin Statutes, the department must set fees by administrative rule and such fees shall, as closely as possible, equal the cost of providing building and fire safety services. Lapsing of funds is not a cost of providing any service of the DSPS; leaving service reductions as the only way of freeing funds for lapsing.

The Alliance for Regulatory Coordination asks state policy makers to end the lapsing of funds from the Safety and Buildings Operations Appropriation after fiscal year 2015-16 and to authorize sufficient funding for the building and fire safety programs within the DSPS.

The Alliance for Regulatory Coordination is a consortium of organizations involved in building design, construction and regulatory services in Wisconsin. You can learn more about the Alliance for Regulatory Coordination at www.4arc.org.