



**New Jersey
Department of Environmental Protection**



Site Remediation Professional Licensing Board

SITE REMEDIATION REFORM ACT

**Annual Site Remediation Professional Licensing Board
Fee Calculation Report**

Calendar Year 2017

April 25, 2017

Annual Site Remediation Professional Licensing Board Fee Calculation Report - Calendar Year 2017

The Site Remediation Professional Licensing Board (the Board) has prepared the Annual Site Remediation Professional Licensing Board Fee Calculation Report (Report) for calendar year (CY) 2017, in accordance with the Regulations of the New Jersey Site Remediation Professional Licensing Board (Board Rules) at N.J.A.C. 7:26I-3.1-3.7. The Report, which presents calculations for three Board fees, is presented herein.

Three Board fees are discussed in the Report: the application fee, the renewal fee, and the annual license fee. Individuals who wish to become licensed site remediation professionals (LSRPs) must file an application to determine if they are eligible candidates, and must also submit an application fee. Once eligible candidates pass the licensing examination they become LSRPs. Every three years the LSRPs must apply for renewal and submit a license renewal fee. In addition, each year LSRPs must pay an annual license fee.

The authority for establishing and collecting fees to cover the costs of examining, licensing, and renewing licenses of LSRPs, and for conducting all other services required for oversight of the LSRP program, is in the Site Remediation Reform Act (SRRA) at N.J.S.A. 58:10C-5(g). The identification, description and methodology for the calculation of fees to support all tasks associated with the Board's duties are set forth in N.J.A.C. 7:26I-3.

The Report identifies the fees calculated for CY 2017 using data from fiscal year (FY) 2016 and projections for FY 2017, and compares them to the fees put in place in the Board Rules, which came into effect on January 4, 2016, and published in the New Jersey Register on that date. FY 2016 is defined as July 1, 2015 through June 30, 2016; FY 2017 is defined as July 1, 2016 through June 30, 2017.

Application Fee

The application fee covers the Board's costs to review and evaluate the license applications of prospective LSRPs. The formula for calculating the application fee is defined in the Board Rules at N.J.A.C. 7:26I-3.3. The rule states that the application fee shall be calculated by multiplying the average number of hours required to process and review a license application by the projected hourly salary and overhead costs of Board staff that are processing and reviewing the license applications.

$$\begin{array}{r} \text{Average Number of Hours to Review Application} \\ \times \text{ Projected Hourly Salary \& Overhead of Board Staff Reviewing Applications} \\ \hline \text{Application Fee} \end{array}$$

In FY 2016, the total hours spent reviewing and processing new LSRP applications was approximately 470.52. The total of number of applications processed was 88. Therefore, the FY 2016 average number of hours to review applications would be the total number of hours spent reviewing applications (470.52), divided by the total number of processed applications (88). The resulting quotient of 5.35 represents the average number of hours to review an application.

470.52		Total Time Spent Reviewing Applications (hours)
÷	88	Total Number of Applications Reviewed
5.35 Average Number of Hours to Review Application		

In FY 2016, the total salary and overhead costs (hereinafter collectively referred to as “salary”) coded to the Board for license application processing was \$77,385.69. The total hours coded to the Board for license processing was 824.90 hours. Thus, the FY 2016 hourly salary of Board staff reviewing applications is calculated by dividing the total salary (\$77,385.69) by the total hours (824.90) coded to license processing. The resulting quotient of \$93.81 represents the average hourly salary of employees that reviewed applications.

\$77,385.69		Total Salary Coded to the Board for License Processing
÷	824.90	Total Hours Coded to the Board for License Processing
\$93.81 Hourly Salary & Overhead of Board Staff Reviewing Applications		

Multiplying the calculated average number of hours to review an application (5.35) by the hourly salary number (\$93.81), yields a product of \$501.88, which represents the Application Fee calculated as defined in N.J.A.C. 7:26I-3.3.

5.35		Average Number of Hours to Review Application
x	\$93.81	Projected Hourly Salary & Overhead of Board Staff Reviewing Applications
\$501.88 Application Fee		

Renewal Fee

The renewal fee covers the Board’s costs to review and evaluate the license renewal applications of current LSRPs. The formula for calculating the renewal fee is defined in N.J.A.C. 7:26I-3.4. The rule states that the renewal fee shall be calculated by multiplying the average number of hours required to process and review a license renewal application by the projected hourly salary and overhead costs of Board staff that are processing and reviewing the license renewal applications.

		Average Number of Hours to Review Renewal Application
x		Projected Hourly Salary & Overhead of Board Staff Reviewing Renewal Applications
Renewal Fee		

In FY 2016, the total hours spent reviewing and processing LSRP license renewal applications were approximately 354.38. The total of number of renewal applications processed was 259. Therefore, the FY 2016 average number of hours to review license renewal applications is calculated by dividing the total number of hours spent reviewing applications (354.38) by the total number of processed applications (259). The resulting quotient of 1.37 represents the average number of hours to review a license renewal application.

$$\begin{array}{r}
 354.38 \quad \text{Total Time Spent Reviewing Renewal Applications} \\
 \div \quad 259 \quad \text{Total Number of Renewal Applications Reviewed} \\
 \hline
 1.37 \quad \text{Average Number of Hours to Review a Renewal Application}
 \end{array}$$

In FY 2016, the total salary and overhead costs (hereinafter collectively, "salary"), coded to the Board for license renewal processing was \$77,385.69. The total hours coded to the Board for license renewal processing was 824.90 hours. Thus, the FY 2016 hourly salary of Board staff reviewing license renewal applications is calculated by dividing the total salary (\$77,385.69) by the total hours (824.90) coded to license renewal processing. The resulting quotient of \$93.81 represents the average hourly salary of employees to review a license renewal application.

$$\begin{array}{r}
 \$77,385.69 \quad \text{Total Salary Coded to the Board for License Processing} \\
 \div \quad 824.90 \quad \text{Total Hours Coded to the Board for License Processing} \\
 \hline
 \$93.81 \quad \text{Hourly Salary \& Overhead of Board Staff Reviewing Applications}
 \end{array}$$

Multiplying the calculated average number of hours to review a license renewal application (1.37) by the hourly salary number (\$93.81) yields a product of \$128.52, which represents the renewal fee calculated as defined in N.J.A.C. 7:26I-3.4.

$$\begin{array}{r}
 1.37 \quad \text{Average Number of Hours to Review Renewal Application} \\
 \times \quad \$93.81 \quad \text{Projected Hourly Salary \& Overhead of Board Staff Reviewing Applications} \\
 \hline
 \$128.52 \quad \text{Renewal Fee}
 \end{array}$$

Annual License Fee

The annual license fee covers the Board's costs as set forth in the annual budget after deducting projected collections of Application and Renewal Fees. The formula for calculating the annual license fee is defined in the N.J.A.C. 7:26I-3.5. The rule states that the annual license fee shall be calculated by subtracting the projected collection amounts anticipated in the upcoming year from the estimated annual budget, and dividing the result by the number of LSRPs holding licenses in the current year.

$$\begin{array}{r}
 \text{Total Estimated Costs (Based on the Annual Budget)} \\
 - \quad \text{Projected Collections Amount from Application and Renewal Fees} \\
 \hline
 \text{Remaining Costs} \\
 \div \quad \text{Number of Current LSRPs} \\
 \hline
 \text{Annual License Fee}
 \end{array}$$

The total estimated costs, as projected in the FY 2017 Annual Budget, are \$856,029.33.

The projected collections amount is calculated by summing the projected collections from the Application and Renewal Fees. To calculate the projected Application Fee collections, the previously calculated Application Fee of \$501.88 is multiplied by the projected amount of new applicants, which as stated in the FY 2017 budget, is 50. The resulting product of \$25,094.00 represents the total projected Application Fee collections.

	\$501.88	Application Fee
x	50	Projected New Applicants
	\$25,094.00	Projected Application Fee Collections

To calculate the projected Renewal Fee collections, the previously calculated Renewal Fee of \$128.52 is multiplied by the projected amount of renewals, which as stated in the FY 2017 budget, is 65. The resulting product of \$8,353.80 represents the total projected Renewal Fee collections.

	128.52	Renewal Fee
x	65	Projected Renewals
	\$8,353.80	Projected Renewal Fee Collections

The total projected collections amount is thus the sum of the projected Application Fee collections (\$25,094.00) and Renewal Fee collections (\$8,353.80) or \$33,447.80.

	\$25,094.00	Projected Application Fee Collections
+	\$8,353.80	Projected Renewal Fee Collections
	\$33,447.80	Total Projected Collection Amounts

The total number of LSRPs, as stated in the FY 2017 Annual Budget is 643.

The formula for calculating the annual license fee is defined in N.J.A.C. 7:26I-3.5. The rule states that the annual fee shall be calculated by subtracting the projected Application Fee and Renewal Fee collection amounts anticipated in the upcoming year (\$33,447.80) from the Board's estimated costs as set forth in the annual budget (\$856,029.33), and dividing the result by the number of LSRPs holding licenses in the current year or 643.

	\$856,029.33	Total Estimated Costs (Based on the Annual Budget)
-	\$33,447.80	Projected Collections Amount from Application and Renewal Fees
	\$822,581.53	Remaining Costs
÷	643	Number of Current LSRPs
	\$1,279.29	Annual License Fee

Conclusion - Board Fees for CY 2017

The Board Rules require that each calendar year the Board recalculate the application fee, renewal fee, and annual license fee if the Board determines that the current fee does not cover the Board's costs. This requirement, along with the method for calculating the fees, are found in N.J.A.C. 7:26I-3, specifically 3.3(a), 3.4(a) and 3.5(a). The table below provides the results of the calculation, and compares the original Board fees as established in N.J.A.C. 7:26I-3 effective January 4, 2016 with the CY 2017 fees calculated using FY 2016 data and FY 2017 data to calculate the fees on a calendar year basis. The calculated CY 2017 fees are greater than the existing Board fees. However, due to significant uncertainties discussed below, the Board concludes that existing data does not support a determination pursuant to N.J.A.C. 7:26I-3.3(a), -3.4(a) and -3.5(a) that the current fees will not cover the Board's costs for FY 2017. Therefore, the Board has determined that no changes to Board fees will be put in place for CY 2017.

Comparison of original Board Fees and CY 2017 Fee Calculation

Activity	Original Board Fee	Calculated CY 2017 Fee	Final Fee for CY2017
Application Fee	\$400	\$501.88	\$400
License Renewal Fee	\$100	\$128.52	\$100
Annual License Fee	\$900	\$1,279.29	\$900

The Board, through the process of calculating the Board fees and using data and computations from the New Jersey Department of Environmental Protection Financial Services Element, has identified a need for improved and more accurate tracking of the number of hours used by regular and overtime staff to review and process license applications and renewals, and to conduct all other tasks associated with Board duties. The Board has several on-going initiatives to address these uncertainties and effectuate these improvements, such as monitoring staff use of Board timecodes, refinement of timecodes to track staff hours assigned to initial applications versus renewal applications, and refinement of timecodes to track staff hours allocable to investigations of disciplinary complaints. The Board is also looking at process and operational changes to improve efficiency and reduce costs for all of the tasks that the Board undertakes to carry out its responsibilities.

The Board has also identified several uncertainties in its projections for FY 2017, particularly in the areas of legal support (which has continued to increase substantially), contractual services related to information processing, and providing an annual LSRP examination for eligible applicants. These uncertainties may result in higher future costs than anticipated. The Board approved a Budget for FY 2017 that accounts for that uncertainty through a Projected FY17 Carry-Forward line item.

In consideration of the need for increased accuracy of tracking staff hours, anticipated process improvements, and the uncertainty in FY 2017 costs, especially litigation costs, the Board could not determine that the existing fees would not cover the Board's costs. Therefore, the Board has proposed no change in any fees until initiatives to address these issues are completed and any conclusions are in effect.

In conclusion, for CY 2017, the Board fees will remain as follows:

Application Fee:	\$400.00
Renewal Fee:	\$100.00
Annual License Fee:	\$900.00

This report has been posted on the Board's website at www.nj.gov/lspboard.