

**SFY 2014 Budget Report from the
Plumbers, Mechanical Professionals, and
Contractor Licensing Board**



**Submitted to the Iowa General Assembly on
November 1, 2014**

Pursuant to requirements of Iowa Code 105.9

Pursuant to Iowa Code 105.9, the Iowa Plumber, Mechanical Professional, and Contractor Licensing Board (PMB) submits the following annual budget report to the Iowa State Legislature. Iowa Code 105.9 requires the board to demonstrate that revenues remain within 10% of expenditures over a period of at least three years

Licensing renewal status as of June 30, 2014:

- During SFY 14 there were 23,158 licenses in good standing with the board. This included the licenses that renewed and initial licenses that were purchased to date.
- The 23,158 licenses are held by 10,570 individuals and 1576 contractors. Approximately 60 % of the licenses are held by one individual who holds multiple licenses (e.g. Master plumber, master HVAC held by the same person).
- During the current renewal cycle, previously licensed individuals allowed 6304 licenses to expire. This reflects a 25% reduction that will negatively impact future revenue.
- New rules became effective March 12, 2014 that set the initial and renewal fee for apprentice at \$50.00, journey at \$180.00, master at \$240.00 and contractor fee to \$250.00. All licenses will cover a three year licensing period. All licenses now cover a three year licensing period. License renewal was delayed until July 1, 2014 in order to begin aligning all licenses to the new mandated expiration date of June 30, 2017.
- Initial contractor fees continued to be waived through January 1, 2014. To date over 1576 contractors have been issued a license. This number is lower than anticipated compared to the data obtained from Department of Labor Contractor Registration which indicates that over 3000 contractors are working in plumbing, HVAC, refrigeration, and hydronics disciplines in Iowa.
- The contractor license is afforded the 30% reduction to individuals who purchase multiple licenses in a single transaction, revenue has been negatively impacted.

SFY 13/SFY 14 expenditures and projected annual budget through SFY 18:

Expenditure Summary FY 2013 & FY 2014			
<i>State Fiscal Year</i>	<i>Revenue (includes. carryover)</i>	<i>Expenditures</i>	<i>Balance</i>
2013	\$1,927,677	\$ 861, 849	\$1,065,827
2014	\$1,180,904	\$953,701.32	\$227,203
Projected Revenue and Expenditures FY 2014 through 2017			
2015	\$3,235,606*	\$1,120,991	\$2,114,615
2016	\$2,194,615	\$1,100,000	\$1,094,615
2017	\$1,174,615	\$1,100,000	\$74,615
2018	\$3,154,615	\$1,100,000	\$2,054,615

***Due to the uncertainty of when licensees would renew during this 3 year cycle, The SFY 15 “Projected Revenue and Expenditures” assumes that everyone who is eligible to renew through 6-30-17 will renew during this SFY. A more definitive estimate of revenue available for SFY15 – SFY17 budgeting expenses will not be available until March 2015.**

NOTE: A more detailed budget report for the SFY11 through SFY15 period can be found on page 3 of this report.

Assumptions:

- 2013 legislative changes were significant and will impact the number of licenses that will be issued during the renewal cycle beginning July 1, 2014 through June 30, 2017. A realignment of disciplines and offering a new mechanical license are anticipated to reduce the number of licenses in the future by approximately 30%
- The contract with the current online software vendor is not being renewed. A contract with a new online software vendor will be developed and the costs associated with the change will have a negative impact to the budget.
- Another negative effect on income is expected from licensees who don't renew a license. There is a belief that many individuals got licenses initially that they were not qualified for and could not use. With the additional costs in fees and continuing education requirements, carrying a license that cannot be used may now affect whether the individual renews.
- An updated fee schedule will be implemented when renewal begins in SFY15. New fees will continue to be generated from initial licenses, exam applications, post exam applications, and duplicate or verification requests. Assumption that no additional significant changes in legislation affecting the board are made. The statute governing this board has experienced significant legislative modifications each year since 2007.

Conclusions:

1. This budget report was developed using a limited understanding of the long term trends of the expenditures for this board, due in large part to the annual legislative changes.
2. This report was created in part using historical data that does not fully represent current program needs. For example, the board expects that the renewal rate may have been skewed due to the fact that all renewals in 2011 and 2012 were done at no cost. If a full renewal fee had been charged the percentage of licenses not renewed may have been higher.
3. The SFY 15-SFY 17 budget shows a three year estimated budget with a beginning balance of \$3,235,606 and an ending balance of \$74,615. This brings the revenue to within 2.3% of expenditures for the three year budget period. The goal is to achieve revenues remaining within 10% of expenditures over a period of at least three years.

PLUMBER/MECHANICAL CONTRACTOR LICENSING HISTORY							
	FY11	FY12	FY13	FY14	Actual	FY14 % Spent	FY15
REVENUES	Actual	Actual	Actual	Estimated Budget	FY14 as of	(Actual/ Budget)	Estimated Budget
				7.1.13	09.31.14		7.1.14
Prior FY Carryover of fees	3,549,193.80	2,707,503.78	1,850,180.01	1,065,827.76	1,065,827.76	100%	299,131.00
GF Appropriation	-	-	-	-	-	-	-
401 Licensing Fees (new and renewal)	153,972.71	138,622.30	77,497.30	80,000.00	115,076.92	144%	2,936,475.00
Revenue Total	3,703,166.51	2,846,126.08	1,927,677.31	1,145,827.76	1,180,904.68	103%	3,235,606.00
EXPENDITURES							
101 Personnel	423,530.39	475,027.12	635,792.00	573,357.00	559,583.43	98%	552,075.00
202 In-State Travel	14,182.33	11,105.82	9,257.24	8,000.00	6,475.18	81%	7,000.00
203 State Vehicle Operation	61.06	55.87	-	200.00	-	0%	200.00
204 State Vehicle Depreciation	28.71	31.79	-	200.00	-	0%	200.00
205 Out-of-State Travel	-	-	-	2,000.00	-	0%	-
301 Office Supplies	7,084.75	11,247.52	8,038.56	7,500.00	6,968.76	93%	6,000.00
308 Other Supplies	77.57	-	-	-	-	0%	-
309 Printing and Binding	12,389.49	1,977.57	2,694.75	3,000.00	8,825.50	294%	3,500.00
311 Food	1.35	1.35	-	-	-	0%	-
312 Uniforms	-	182.75	-	200.00	-	0%	-
313 Postage	22,649.23	18,907.49	12,560.37	25,000.00	13,961.44	56%	15,000.00
401 Communications	7,122.48	7,330.93	7,058.17	8,000.00	6,280.29	79%	7,000.00
402 Rentals	525.00	-	475.00	1,000.00	-	0%	100.00
405 Professional & Scientific Services	1,039.50	-	-	-	-	0%	-
406 Outside Services	82,884.93	111,800.57	4,383.08	80,000.00	930.32	1%	5,000.00
407 Intra-State Transfers	74,111.00	76,426.63	64,958.00	303,036.00	239,027.00	79%	166,028.00
408 Advertising & Publicity	-	-	-	-	-	0%	-
409 Outside Repairs	-	37.50	932.50	407.00	366.00	90%	500.00
411 Attorney General Reimbursement	46,421.61	-	-	-	-	0%	-
414 Reimbursement to other Agencies	3,630.54	3,101.03	4,598.90	4,800.00	2,538.82	53%	8,000.00
416 ITD Reimbursements	15,972.85	10,843.20	10,608.59	4,800.00	16,581.47	345%	15,000.00
418 IT Outside Services	149,035.50	185,673.79	19,118.85	104,000.00	16,007.20	15%	216,000.00
432 Gov Transfer Attorney General	-	50,473.11	67,495.89	67,129.00	67,394.13	100%	67,363.00
434 Gov Transfer Other Agencies	-	21,482.91	547.41	500.00	1,445.30	289%	-
502 Office Equipment	-	-	-	15,000.00	-	0%	11,500.00
503 Equipment/Non-Inventory	4,966.60	713.47	1,574.30	1,000.00	59.50	6%	253.00
510 IT Equipment	23,979.03	4,788.08	8,622.50	104,576.00	3,263.79	3%	25,000.00
601 Claims	-	-	-	-	-	0%	2,114,615.00
602 Other Expenses & Obligations	1,308.60	1,124.52	860.28	1,000.00	716.57	72%	5,272.00
701 Licenses	-	-	-	-	-	0%	-
705 Refund	104,660.21	3,613.05	2,273.16	2,500.00	3,276.62	131%	10,000.00
Expenditure Total	995,662.73	995,946.07	861,849.55	1,317,205.00	953,701.32	72%	3,235,606.00
Additional Encumbrances in B per monthly report	-	-	-	-	-	-	-
RECAP	FY11 TO DATE	FY12 TO DATE	FY13 TO DATE	FY14 Budget	FY14 TO DATE	FY14 %	FY15 Budget
Total Revenue	3,703,166.51	2,846,126.08	1,927,677.31	1,145,827.76	1,180,904.68	103%	3,235,606.00
Total Expenditures	995,662.73	995,946.07	861,849.55	1,317,205.00	953,701.32	72%	1,120,991.00
Balance	2,707,503.78	1,850,180.01	1,065,827.76	(171,377.24)	227,203.36		2,114,615.00
Approp Close Out &/or Appeal Boards	-	-	-	-	-		-
Amount Carried Forward	2,707,503.78	1,850,180.01	1,065,827.76	(171,377.24)	227,203.36		-