

**SFY 2016 Budget Report from the
Plumbers, Mechanical Professionals, and
Contractor Licensing Board**



**Submitted to the Iowa General Assembly on
December 1, 2016**

Pursuant to requirements of Iowa Code 105.9

Pursuant to Iowa Code section 105.9, the Iowa Plumbing and Mechanical Systems Board submits the following annual budget report to the Iowa Legislature. Iowa Code section 105.9 requires the board to demonstrate that revenues remain within 10 percent of expenditures over a period of at least three years.

Licensing renewal status as of June 30, 2016:

- Rules which became effective March 12, 2014, set the initial and renewal fee for apprentice licensure at \$50.00, journeyman at \$180.00, master licenses at \$240.00 and contractor licenses at \$250.00. All licenses now cover a three-year licensing period. With these changes, all licenses are now aligned with the same expiration dates (every three years) beginning June 30, 2017.
- During SFY16, there were 17,382 current licenses with the board. This total includes licenses that renewed, as well as initial licenses that were purchased during SFY16.
- The 17,382 licenses are held by 12,051 individuals and 1,772 contractors.
- Current data shows that since renewal started in 2014, 5,107 previously-licensed individuals allowed their licenses to expire, and did not renew. This reduction will negatively impact future revenue.
- A contract with CSDC (OCIO contracted software vendor) was signed in FY15 to develop a new database system for the ADPER & EH Division-wide Licensing System. The Plumbing and Mechanical Systems Board will be one of 16 programs moving into this system. The current go-live date is tentatively set for January 2017. Staff is currently working on a communication plan to ensure that licensees have all the information they need when the changes occur.
- Staff has been working closely with Iowa Workforce Development Division of Labor to ensure the 'one-stop shop' concept that will enable contractors to purchase their contractor license and contractor registration at the same time is implemented for the July 1, 2017, renewal.

SFY15/SFY16 expenditures and projected annual budget through SFY20:

Expenditure Summary FY 2014 & FY 2015			
<i>State Fiscal Year</i>	<i>Revenue (includes. carryover)</i>	<i>Expenditures</i>	<i>Balance</i>
2015	\$2,703,468	\$891,039	\$1,776,665
2016	\$2,063,865	\$827,023	\$1,236,842
Projected Revenue and Expenditures FY 2016 through 2019			
2017	\$1,427,609	\$1,327,609*	\$100,000
2018	\$2,362,775**	\$900,000	\$1,462,775
2019	\$1,562,775	\$900,000	\$662,775
2020	\$662,775	\$900,000	\$(237,225)

***There will be a bigger expenditure during FY2017 due to construction of the new licensing database and mailing of renewal reminders.**

****This number was estimated from the amount collected for renewals in FY15 and includes an estimated 20 percent loss of revenue for those licensees who choose to not renew.** NOTE: A more detailed budget report for the SFY13 through SFY17 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 of a new mechanical license are anticipated to reduce the number of licenses in the future by approximately 30 percent.
- Another negative effect on income is expected from licensees who don't renew a license. There is a belief that many individuals obtained licenses initially in 2009 which 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. This effect continues to be monitored, as not all licensees have renewed.
- An updated fee schedule was implemented when renewal began in SFY15. New fees will continue to be generated from initial licenses, exam applications, post exam applications, and duplicate or verification requests. It is assumed no additional significant changes in legislation affecting the board are made.
- Finally, transitioning to the new CSDC licensing software in CY2017 will result in more stable and predictable budgeting projections AFTER implementation of the new software. IDPH continues to work with the vendor to develop cost estimates for ongoing hosting and maintenance and will adjust budgeting projections for FY17 and beyond once more detailed estimates are established. The ultimate impact on budget numbers is not yet fully understood.

Conclusions:

1. This report was created in part using historical data that does not fully represent current program needs; for example, the board expects 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.
2. The SFY17-SFY19 budget shows a three year estimated revenue generation of \$2,553,542 and estimated expenditures equal to \$3,127,609. This means the expenditures are 1.22 percent greater than the revenue. The goal is to achieve revenues remaining within 10 percent of expenditures over a period of at least three years.

PLUMBER/MECHANICAL CONTRACTOR												
	Actual	FY13 % Spent	FY14	Actual	FY14 % Spent	FY15	Actual	FY15 % Spent	FY16	Actual	FY16 % Spent	FY17
REVENUES	FY13 as of	(Actual/	Estimated Budget	FY14 as of	(Actual/	Estimated Budget	FY15 as of	(Actual/	Estimated Budget	FY16 as of	(Actual/	Estimated Budget
	08.31.13	Budget)	7.1.13	09.31.14	Budget)	7.1.14	09.30.15	Budget)	7.1.15	9.30.16	Budget)	7.1.16
Prior FY Carryover of fees	1,850,180.01	100%	1,065,827.76	1,065,827.76	100%	299,131.00	227,203.36	76%	1,672,449.00	1,776,665.35	106%	1,362,609.00
GF Appropriation	-	-	-	-	-	-	-	-	-	-	-	-
401 Licensing Fees (new and renewal)	77,497.30	155%	80,000.00	115,076.92	144%	2,936,475.00	2,476,265.38	84%	177,461.00	287,200.37	162%	65,000.00
Revenue Total	1,927,677.31	101%	1,145,827.76	1,180,904.68	103%	3,235,606.00	2,703,468.74	84%	1,849,910.00	2,063,865.72	112%	1,427,609.00
205 Out-of-State Travel	-	0%	2,000.00	-	0%	-	-	-	1,000.00	-	0%	750.00
301 Office Supplies	8,038.56	107%	7,500.00	6,968.76	93%	6,000.00	10,507.13	175%	10,000.00	9,476.23	95%	9,909.00
308 Other Supplies	-	0%	-	-	0%	-	-	-	-	-	-	-
309 Printing and Binding	2,694.75	54%	3,000.00	8,825.50	294%	3,500.00	3,825.25	109%	4,000.00	1,980.75	50%	4,000.00
311 Food	-	0%	-	-	0%	-	-	-	-	-	-	-
312 Uniforms	-	0%	200.00	-	0%	-	-	-	-	-	-	-
313 Postage	12,560.37	50%	25,000.00	13,961.44	56%	15,000.00	20,403.31	136%	15,000.00	8,936.96	60%	15,000.00
401 Communications	7,058.17	78%	8,000.00	6,280.29	79%	7,000.00	6,123.96	87%	7,000.00	5,281.06	75%	5,000.00
402 Rentals	475.00	48%	1,000.00	-	0%	100.00	-	0%	-	-	-	-
405 Professional & Scientific Services	-	0%	-	-	0%	-	-	-	-	-	-	-
406 Outside Services	4,383.08	4%	80,000.00	930.32	1%	5,000.00	7,030.78	14%	8,000.00	524.32	7%	5,000.00
407 Intra-State Transfers	64,958.00	45%	303,036.00	239,027.00	79%	166,028.00	113,882.00	68%	352,707.00	150,329.92	43%	532,124.00
408 Advertising & Publicity	-	0%	-	-	0%	-	-	-	-	-	-	-
409 Outside Repairs	932.50	933%	407.00	366.00	90%	500.00	-	0%	500.00	3,167.44	633%	2,000.00
411 Attorney General Reimbursement	-	0%	-	-	0%	-	-	-	-	-	-	-
414 Reimbursement to other Agencies	4,598.90	102%	4,800.00	2,538.82	53%	8,000.00	4,761.95	60%	6,000.00	5,206.27	87%	6,000.00
416 ITD Reimbursements	10,608.59	42%	4,800.00	16,581.47	345%	15,000.00	23,164.15	154%	3,000.00	19,683.99	656%	15,000.00
418 IT Outside Services	19,118.85	13%	104,000.00	16,007.20	15%	216,000.00	50,000.00	23%	3,000.00	-	0%	3,000.00
432 Gov Transfer Attorney General	67,495.89	100%	67,129.00	67,394.13	100%	67,363.00	67,434.92	100%	67,363.00	67,524.66	100%	67,363.00
434 Gov Transfer Other Agencies	547.41	2%	500.00	1,445.30	289%	-	517.70	-	100.00	166.00	166%	200.00
502 Office Equipment	-	0%	15,000.00	-	0%	11,500.00	-	0%	-	7,006.20	-	10.00
503 Equipment/Non-Inventory	1,574.30	31%	1,000.00	59.50	6%	253.00	1,524.65	603%	2,000.00	790.00	40%	1,000.00
510 IT Equipment	8,622.50	115%	104,576.00	3,263.79	3%	25,000.00	16,518.67	66%	10,000.00	11,957.24	120%	10,000.00
601 Claims	-	0%	-	-	0%	2,114,615.00	-	0%	791,818.00	-	0%	100,000.00
602 Other Expenses & Obligations	860.28	5%	1,000.00	716.57	72%	5,272.00	31,650.40	600%	1,000.00	998.97	100%	1,000.00
701 Licenses	-	0%	-	-	0%	-	-	-	-	-	-	-
705 Refund	2,273.16	45%	2,500.00	3,276.62	131%	10,000.00	32,478.62	325%	15,000.00	684.00	5%	15,000.00
Expenditure Total	861,849.55	67%	1,317,205.00	953,701.32	72%	3,235,606.00	891,039.39	28%	1,849,910.00	827,023.54	45%	1,427,609.00
ional Encumbrances in 13 per monthly report	-	-	-	-	-	-	-	-	-	-	-	-
RECAP	FY13 TO DATE	FY13 %	FY14 Budget	FY14 TO DATE	FY14 %	FY15 Budget	FY15 TO DATE	FY15 %	FY16 Budget	FY16 TO DATE	FY16 %	FY17 Budget
Total Revenue	1,927,677.31	101%	1,145,827.76	1,180,904.68	103%	3,235,606.00	2,703,468.74	84%	1,849,910.00	2,063,865.72	112%	1,427,609.00
Total Expenditures	861,849.55	67%	1,317,205.00	953,701.32	72%	1,120,991.00	891,039.39	79%	1,058,092.00	827,023.54	78%	1,327,609.00
Balance	1,065,827.76		(171,377.24)	227,203.36		2,114,615.00	1,812,429.35		791,818.00	1,236,842.18		100,000.00
Approp Close Out &/or Appeal Boards	-	-	-	-	-	-	-	-	-	-	-	-
Amount Carried Forward	1,065,827.76		(171,377.24)	227,203.36		2,114,615.00	1,776,665.35		791,818.00	1,236,842.18		100,000.00