

**SFY 2015 Budget Report from the  
Plumbers, Mechanical Professionals, and  
Contractor Licensing Board**



**Submitted to the Iowa General Assembly on  
December 10, 2015**

**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, 2015:**

- 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 now cover a three year licensing period. With these changes all licenses are now aligned with the same effective dates that expire every three years, beginning with an expiration date of June 30, 2017.
- During SFY 15 there were 18,263 licenses in good standing with the board. This includes licenses that renewed as well as initial licenses that were purchased during SFY15.
- The 18,263 licenses are held by 11,970 individuals and 1,846 contractors.
- Current data shows that 4,722 previously licensed individuals allowed their licenses to expire, and did not renew. This reduction will negatively impact future revenue.
- A 10% random sample of previously licensed individuals have been contacted to inquire why they have let their license expire (no longer working in the trade, retired, forgot to renew, etc.). This has resulted in approximately 20% of those contacted choosing to renew their license.
- A contract with CSDC (OCIO contracted software vendor) has been signed to develop a new database system for the Division of 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 May 2016. Staff are currently working on a communication plan to ensure that licensees have all the information they need when the changes occur.

**SFY 13/SFY 14 expenditures and projected annual budget through SFY 19:**

<b>Expenditure Summary FY 2014 &amp; FY 2015</b>			
<i>State Fiscal Year</i>	<i>Revenue (includes. carryover)</i>	<i>Expenditures</i>	<i>Balance</i>
2014	\$1,180,904	\$953,701	\$227,203
2015	\$2,703,468.74	\$891,039.39	\$1,776,665.35
<b>Projected Revenue and Expenditures FY 2016 through 2019</b>			
2016	\$1,849,910	\$1,051,092	\$798,818
2017	\$878,818	\$1,050,000	(\$171,182)
2018	\$2,162,775*	\$1,050,000	\$1,112,775
2019	\$1,192,775	\$1,050,000	\$142,775

**\* This number was estimated from the amount collected for renewals in FY 2015 and includes an estimated 20% loss of revenue for those licensees who choose to not renew.** NOTE: A more detailed budget report for the SFY12 through SFY16 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%
- 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 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. 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. Assumption that no additional significant changes in legislation affecting the board are made.
- Finally, transitioning to the new CSDC licensing software in CY2016 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 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 16-SFY 18 budget shows a three year estimated revenue generation of \$4,012,683 and estimated expenditures equal to \$4,201,092. This means the expenditures are 1.05% greater than the revenue. The goal is to achieve revenues remaining within 10% of expenditures over a period of at least three years.

**PLUMBER/MECHANICAL CONTRACTOR LICENSING HISTORY**

	Actual FY12 as of 9.30.12	Actual FY13 as of 08.31.13	Actual FY14 as of 09.31.14	FY15 Estimated Budget 7.1.14	Actual FY15 as of 09.30.15	FY15 % Spent (Actual/ Budget)	FY16 Estimated Budget 7.1.15
<b>REVENUES</b>							
Prior FY Carryover of fees	2,707,503.78	1,850,180.01	1,065,827.76	299,131.00	227,203.36	76%	1,672,449.00
GF Appropriation	-	-	-	-	-		-
401 Licensing Fees (new and renewal)	138,622.30	77,497.30	115,076.92	2,936,475.00	2,476,265.38	84%	177,461.00
<b>Revenue Total</b>	<b>2,846,126.08</b>	<b>1,927,677.31</b>	<b>1,180,904.68</b>	<b>3,235,606.00</b>	<b>2,703,468.74</b>	<b>84%</b>	<b>1,849,910.00</b>
<b>Class EXPENDITURES</b>							
101 Personnel	475,027.12	635,792.00	559,583.43	552,075.00	497,441.22	90%	549,022.00
202 In-State Travel	11,105.82	9,257.24	6,475.18	7,000.00	3,774.48	54%	3,000.00
203 State Vehicle Operation	55.87	-	-	200.00	-	0%	200.00
204 State Vehicle Depreciation	31.79	-	-	200.00	-	0%	200.00
205 Out-of-State Travel	-	-	-	-	-		1,000.00
301 Office Supplies	11,247.52	8,038.56	6,968.76	6,000.00	10,507.13	175%	10,000.00
308 Other Supplies	-	-	-	-	-		-
309 Printing and Binding	1,977.57	2,694.75	8,825.50	3,500.00	3,825.25	109%	4,000.00
311 Food	1.35	-	-	-	-		-
312 Uniforms	182.75	-	-	-	-		-
313 Postage	18,907.49	12,560.37	13,961.44	15,000.00	20,403.31	136%	15,000.00
401 Communications	7,330.93	7,058.17	6,280.29	7,000.00	6,123.96	87%	7,000.00
402 Rentals	-	475.00	-	100.00	-	0%	-
405 Professional & Scientific Services	-	-	-	-	-		-
406 Outside Services	111,800.57	4,383.08	930.32	5,000.00	7,030.78	141%	8,000.00
407 Intra-State Transfers	76,426.63	64,958.00	239,027.00	166,028.00	113,882.00	69%	136,707.00
408 Advertising & Publicity	-	-	-	-	-		-
409 Outside Repairs	37.50	932.50	366.00	500.00	-	0%	500.00
411 Attorney General Reimbursement	-	-	-	-	-		-
414 Reimbursement to other Agencies	3,101.03	4,598.90	2,538.82	8,000.00	4,761.95	60%	6,000.00
416 ITD Reimbursements	10,843.20	10,608.59	16,581.47	15,000.00	23,164.15	154%	108,000.00
418 IT Outside Services	185,673.79	19,118.85	16,007.20	216,000.00	50,000.00	23%	108,000.00
432 Gov Transfer Attorney General	50,473.11	67,495.89	67,394.13	67,363.00	67,434.92	100%	67,363.00
434 Gov Transfer Other Agencies	21,482.91	547.41	1,445.30	-	517.70		100.00
502 Office Equipment	-	-	-	11,500.00	-	0%	-
503 Equipment/Non-Inventory	713.47	1,574.30	59.50	253.00	1,524.85	603%	2,000.00
510 IT Equipment	4,788.08	8,622.50	3,263.79	25,000.00	16,518.67	66%	10,000.00
601 Claims	-	-	-	2,114,615.00	-	0%	798,818.00
602 Other Expenses & Obligations	1,124.52	860.28	716.57	5,272.00	31,650.40	600%	-
701 Licenses	-	-	-	-	-		-
705 Refund	3,613.05	2,273.16	3,276.62	10,000.00	32,478.62	325%	15,000.00
<b>Expenditure Total</b>	<b>995,946.07</b>	<b>861,849.55</b>	<b>953,701.32</b>	<b>3,235,606.00</b>	<b>891,039.39</b>	<b>28%</b>	<b>1,849,910.00</b>
<b>ional Encumbrances in I3 per monthly report</b>	-	-	-	-	-		-
<b>RECAP</b>	<b>FY12 TO DATE</b>	<b>FY13 TO DATE</b>	<b>FY14 TO DATE</b>	<b>FY15 Budget</b>	<b>FY15 TO DATE</b>	<b>FY15 %</b>	<b>FY16 Budget</b>
Total Revenue	2,846,126.08	1,927,677.31	1,180,904.68	3,235,606.00	2,703,468.74	84%	1,849,910.00
Total Expenditures	995,946.07	861,849.55	953,701.32	1,120,991.00	891,039.39	79%	1,051,092.00
Balance	1,850,180.01	1,065,827.76	227,203.36	2,114,615.00	1,812,429.35		798,818.00
Approp Close Out &/or Appeal Boards	-	-	-	-	-		-
Amount Carried Forward	1,850,180.01	1,065,827.76	227,203.36	2,114,615.00	1,776,665.35		798,818.00