SFY 2013 Budget Report from the

Plumbers, Mechanical Professionals, and Contractor Licensing Board

Submitted to the Iowa General Assembly on

November 1, 2013

Pursuant to requirements of Iowa Code 105.9

Questions regarding this report should be directed to Ken Sharp at the Iowa Dept. of Public Health

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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, 2013:

- During SFY 13, there were 23,047 licenses in good standing with the board. This includes the licenses that renewed and initial licenses that have been purchased to date.
- The 23,047 licenses are held by 12,413 individuals. Approximately 75% of the licenses are held by one individual who holds multiple licenses (eg. master plumber, master HVAC held by the same person).
- Renewal fees from January 1, 2011 through December 31, 2012 were waived.
- During the current renewal cycle, previously licensed individuals allowed 6304 licenses to expire. This reflects a 25% reduction that will negatively impact future revenue.
- For calendar year 2011 and 2012, the initial apprentice license was set at $50. The initial journey license was set at $50 and the initial master license was set at $125. New rules that become effective later in January 2014 will 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.
- Initial contractor fees have been waived through January 1, 2014. To date over 1000 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.

SFY 12/SFY 13 expenditures and projected annual budget through SFY 17:

Expenditure Summary FY 2012 & FY 2013			
State Fiscal Year	***Revenue (includes. carryover)***	***Expenditures***	***Balance***
2012	$2,846,126	$995,946	$1,850,180
2013	$1,927,677	$861,849	$1,065,827
Projected Revenue and Expenditures FY 2014 through 2017			
2014	$1,145,827*	$ 1,317,205	$(171,377)
2015	$2,936,475	$1,000,000	$1,936,475
2016	$2,197,495	$1,000,000	$1,197,495

2017	$1,262,750	$1,000,000	$262,750

***SFY 14 has minimal new revenue being generated. The majority of the money is carry over funds from SFY 13.**

NOTE: A more detailed budget report for the SFY10 through SFY14 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 mechanical license are anticipated to reduce the number of licenses in the future by approximately 22%.
- By adding the contractor license into the 30% reduction that is afforded to individuals who purchase multiple licenses in a single transaction, revenue will again be negatively impacted.
- The online software will also have to undergo significant change in order to implement the new legislative requirements. The costs associated with the changes 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 .
- The only new fees that are anticipated to be ongoing will be limited to new licenses, 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. This budget shows a four year estimated budget from FY14 through FY17 of $4,408,577 (SFY 14 $1,145,827 + SFY 15-17 $3,262,750=$4,408,577) with an ending balance of $262,750. This brings the revenue to within 5.9% of expenditures for the four 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

	REVENUES	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Estimated Budget 7.1.12	Actual FY13 as of 08.31.13	FY13 % Spent (Actual/ Budget)	FY14 Estimated Budget 7.1.13
	Prior FY Carryover of fees	2,495,473.36	3,549,193.80	2,707,503.78	**1,850,180.01**	1,850,180.01	100%	**1,065,827.76**
	GF Appropriation	-	-	-	-	-	-	-
401	Licensing Fees (new and renewal)	1,710,105.00	153,972.71	138,622.30	50,000.00	77,497.30	155%	80,000.00
	Revenue Total	**4,205,578.36**	**3,703,166.51**	**2,846,126.08**	**1,900,180.01**	**1,927,677.31**	101%	**1,145,827.76**
Class	**EXPENDITURES**							
101	Personnel	261,010.86	423,530.39	475,027.12	647,847.00	635,792.00	98%	573,357.00
202	In-State Travel	13,712.68	14,182.33	11,105.82	13,500.00	9,257.24	69%	8,000.00
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	-	-	-	-	-	0%	2,000.00
301	Office Supplies	9,783.45	7,084.75	11,247.52	7,500.00	8,038.56	107%	7,500.00
308	Other Supplies	524.00	77.57	-	200.00	-	0%	-
309	Printing and Binding	8,854.20	12,389.49	1,977.57	5,000.00	2,694.75	54%	3,000.00
311	Food	-	1.35	1.35	200.00	-	0%	-
312	Uniforms	-	-	182.75	-	-	0%	200.00
313	Postage	27,304.83	22,649.23	18,907.49	25,000.00	12,560.37	50%	25,000.00
401	Communications	8,014.80	7,122.48	7,330.93	9,000.00	7,058.17	78%	8,000.00
402	Rentals	-	525.00	-	1,000.00	475.00	48%	1,000.00
405	Professional & Scientific Services	-	1,039.50	-	1,000.00	-	0%	-
406	Outside Services	51,333.20	82,884.93	111,800.57	110,000.00	4,383.08	4%	80,000.00
407	Intra-State Transfers	48,004.00	74,111.00	76,426.63	143,822.00	64,958.00	45%	303,036.00
408	Advertising & Publicity	12,563.68	-	-	1,000.00	-	0%	-
409	Outside Repairs	-	-	37.50	100.00	932.50	933%	407.00
411	Attorney General Reimbursement	45,332.94	46,421.61	-	-	-	0%	-
414	Reimbursement to other Agencies	2,501.09	3,630.54	3,101.03	4,500.00	4,598.90	102%	4,800.00
416	ITD Reimbursements	121,232.61	15,972.85	10,843.20	25,000.00	10,608.59	42%	4,800.00
418	IT Outside Services	-	149,035.50	185,673.79	150,000.00	19,118.85	13%	104,000.00
432	Gov Transfer Attorney General	-	-	50,473.11	67,416.00	67,495.89	100%	67,129.00
434	Gov Transfer Other Agencies	-	-	21,482.91	25,000.00	547.41	2%	500.00
502	Office Equipment	602.25	-	-	10,000.00	-	0%	15,000.00
503	Equipment/Non-Inventory	2,053.00	4,966.60	713.47	5,000.00	1,574.30	31%	1,000.00
510	IT Equipment	4,426.32	23,979.03	4,788.08	7,500.00	8,622.50	115%	104,576.00
601	Claims	-	-	-	-	-	0%	-
602	Other Expenses & Obligations	22,005.65	1,308.60	1,124.52	18,312.00	860.28	5%	1,000.00
701	Licenses	-	-	-	-	-	0%	-
705	Refund	17,125.00	104,660.21	3,613.05	5,000.00	2,273.16	45%	2,500.00
	Expenditure Total	**656,384.56**	**995,662.73**	**995,946.07**	**1,283,297.00**	**861,849.55**	67%	**1,317,205.00**
	Additional Encumbrances in I3 per monthly report		**-**	**-**		**-**		

RECAP	**FY10**	**FY11 TO DATE**	**FY12 TO DATE**	**FY13 Budget**	**FY13 TO DATE**	**FY13 %**	**FY14 Budget**
Total Revenue	**4,205,578.36**	**3,703,166.51**	**2,846,126.08**	**1,900,180.01**	**1,927,677.31**	101%	**1,145,827.76**
Total Expenditures	**656,384.56**	**995,662.73**	**995,946.07**	**1,283,297.00**	**861,849.55**	67%	**1,317,205.00**
Balance	**3,549,193.80**	**2,707,503.78**	**1,850,180.01**	**616,883.01**	**1,065,827.76**		**(171,377.24)**
Approp Close Out &/or Appeal Boards		**-**	**-**		**-**		
Amount Carried Forward	**3,549,193.80**	**2,707,503.78**	**1,850,180.01**	**616,883.01**	**1,065,827.76**		**(171,377.24)**