

**SFY 2017 Budget Report from the  
Plumbers, Mechanical Professionals, and  
Contractor Licensing Board**



**Submitted to the Iowa General Assembly on  
January 5, 2018**

**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.

**SFY2017/2018 Renewal Cycle:**

- 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 (PMSB) was one of 16 programs to move into this system. The go live date was tentatively set for January 2017, but did not go live until May 2017.
- On May 16, 2017, the database went “live” for PMSB licensees to begin renewal online. The goal for the program was to have 80 percent of its licensees renew online. Approximately 84 percent of individuals and contractors renewed online, while 16 percent renewed by paper.
- The “one stop shop” to renew the Iowa Workforce Development (IWD) contractor registration and Iowa Department of Public Health (IDPH) contractor license was also implemented this renewal cycle. Contractors are now able to renew their IWD registration and IDPH license through the IDPH Regulatory Programs portal or by submitting a joint paper application to IDPH.
- 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 and have the expiration date of June 30, 2020.
- In addition to PMSB office staff, three Aureon and two temporary CAI staff were hired to create a Help Desk to assist with answering licensee questions and assist them in renewing online. From May through November, these Help Desk staff answered a total of 4,616 phone calls and emails. The average time of their phone call assisting licensees was slightly over 9 minutes. The PMSB 1-866 line answered by Board office staff returned 2,473 voicemails.

**SFY2017/2018 Licensee Data Snapshot (data pulled 11/17/17)**

- There are 9,848 individuals that hold 18,664 licenses. There are 1,402 Contractor licenses.

<b>Total Active Contractor License with Expiration of 2020</b>	1402	
<b>Total # of Master of Records (MORs)</b>	2282	MOR-Plumbing: 1113 MOR-Hydronics: 170 MOR-Mechanical: 577 MOR-HVAC/R: 422
<b>Inactive Master/Active Journey (IM/AJ)</b>	111	Plumbing: 67 Hydronics: 8 Mechanical: 13 HVAC/R: 23
<b>Total # of Apprentices</b>	1311	
<b>Total # of Hearth Systems</b>	6	
<b>Total # of Private College</b>	1	

<b>Total # of Disconnect/Reconnect</b>	15	
<b>Total # of HVAC Service Tech</b>	173	
<b>Total # of Med Gas</b>	88	
<b>Total # of Journey Licenses</b>	5475	Plumbing: 2157 Hydronics: 761 Mechanical: 933 HVAC/R: 1552 Sheet Metal: 72
<b>Total # of Master Licenses</b>	6009	Plumbing: 2994 Hydronics: 371 Mechanical: 1385 HVAC/R: 1259
<b>Total # of individuals that hold more than 1 license</b>	3182	
<b>Total # of applicants that received a discount</b>	3348	Individuals: 2899 Contractors: 449
<b>Late Renewals for Individuals (received after July 30, 2017)</b>	664	\$60.00 Late Fee: 348 \$100.00 Late Fee: 316

**SFY17/SFY18 expenditures and projected annual budget through SFY22:**

<b>Expenditure Summary FY 2017 &amp; FY 2018</b>			
<i>State Fiscal Year</i>	<i>Revenue (includes. carryover)</i>	<i>Expenditures</i>	<i>Balance</i>
2017	\$2,853,734*	\$1,368,978	\$1,484,756
2018	\$2,508,299	\$925,811	\$1,582,488
<b>Projected Revenue and Expenditures FY 2018 through 2021</b>			
2019	\$1,642,488	\$900,819	\$741,669
2020	\$801,669	\$990,819**	-\$189,150
2021	\$2,006,639***	\$900,819	\$1,105,820
2022	\$1,165,820	\$900,819	\$265,001

**\*This revenue amount is for licenses that did not have a start date until FY 18, but were being renewed during FY17 months of May & June.**

**\*\*This expenditure amount is increased due to the addition of temporary staff to prepare for renewals starting 7/1/2020**

**\*\*\*This number was estimated from the amount collected for renewals in FY18 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 SFY14 through SFY18 period can be found on page 4 of this report.

**Assumptions:**

- The expenditures above assume that personnel costs and indirect costs remain stable.
- The revenue and expenditures above assume that the renewal cycle will remain in the current format with all licensees renewing at one time every three years.

**Conclusions:**

- IDPH transitioned to the new CSDC licensing software (AMANDA) in CY2017. IDPH continues to work with the vendor to develop cost estimates for ongoing hosting and maintenance, and will adjust budgeting projections for FY18 and beyond as more detailed estimates are established. While the initial database is functioning, much was learned during the July 1, 2017, renewal period and enhancements will need to be made resulting in potentially additional costs. The ultimate impact on budget numbers is not yet fully understood.
- It should also be noted that the common perception that new technology that increases efficiencies also results in costs savings is inaccurate. While technology may reduce the need for certain administrative costs, there is an offset (an often an increase) in staffing costs with the need to have information technology staff who can manage and maintain the technology.
- The SFY18-SFY20 budget shows a three year estimated revenue generation of \$2,628,299 and estimated expenditures equal to \$2,817,449. This means the expenditures are 1.05 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.
- These projections, when adjusted with additional details regarding hosting and maintenance costs of AMANDA and salary adjustments, indicates a need to review and update the fee structure to support the upward trend in expenditures.

PLUMBER/MECHANICAL CONTRACTOR													
	FY14	Actual	FY14 % Spent	FY15	Actual	FY15 % Spent	FY16	Actual	FY16 % Spent	FY17	Actual	FY17 % Spent	FY18
REVENUES	Estimated Budget	FY14 as of	(Actual/	Estimated Budget	FY15 as of	(Actual/	Estimated Budget	FY16 as of	(Actual/	Estimated Budget	FY17 as of	(Actual/	Estimated 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	9.30.17	Budget)	7.1.17
Prior FY Carryover of fees	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	1,236,842.18	91%	145,524.00
GF Appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-
401 Licensing Fees (new and renewal)	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	1,616,892.05	2488%	2,362,775.00
Revenue Total	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	2,853,734.23	200%	2,508,299.00
313 Postage	25,000.00	13,961.44	56%	15,000.00	20,403.31	136%	15,000.00	8,936.96	60%	15,000.00	14,030.61	94%	12,000.00
401 Communications	8,000.00	6,280.29	79%	7,000.00	6,123.96	87%	7,000.00	5,281.06	75%	5,000.00	5,311.56	106%	5,000.00
402 Rentals	1,000.00	-	0%	100.00	-	0%	-	-	-	-	-	-	-
405 Professional & Scientific Services	-	-	0%	-	-	0%	-	-	-	-	-	-	-
406 Outside Services	80,000.00	930.32	1%	5,000.00	7,030.78	141%	8,000.00	524.32	7%	5,000.00	25,918.26	518%	5,000.00
407 Intra-State Transfers	303,036.00	239,027.00	79%	166,028.00	113,882.00	69%	352,707.00	150,329.92	43%	532,124.00	627,923.08	118%	217,226.00
408 Advertising & Publicity	-	-	0%	-	-	0%	-	-	-	-	-	-	-
409 Outside Repairs	407.00	366.00	90%	500.00	-	0%	500.00	3,167.44	633%	2,000.00	-	0%	2,000.00
411 Attorney General Reimbursement	-	-	0%	-	-	0%	-	-	-	-	-	-	-
414 Reimbursement to other Agencies	4,800.00	2,538.82	53%	8,000.00	4,761.95	60%	6,000.00	5,206.27	87%	6,000.00	2,448.05	41%	2,400.00
416 ITD Reimbursements	4,800.00	16,581.47	345%	15,000.00	23,164.15	154%	3,000.00	19,683.99	656%	15,000.00	17,702.19	118%	15,000.00
418 IT Outside Services	104,000.00	16,007.20	15%	216,000.00	50,000.00	23%	3,000.00	-	0%	3,000.00	-	0%	28,000.00
432 Gov Transfer Attorney General	67,129.00	67,394.13	100%	67,363.00	67,434.92	100%	67,363.00	67,524.66	100%	67,363.00	67,330.31	100%	67,363.00
434 Gov Transfer Other Agencies	500.00	1,445.30	289%	-	517.70	-	100.00	166.00	166%	200.00	466.88	233%	1,000.00
502 Office Equipment	15,000.00	-	0%	11,500.00	-	0%	-	7,006.20	-	10.00	-	0%	-
503 Equipment/Non-Inventory	1,000.00	59.50	6%	253.00	1,524.85	603%	2,000.00	790.00	40%	1,000.00	399.00	40%	1,000.00
510 IT Equipment	104,576.00	3,263.79	3%	25,000.00	16,518.67	66%	10,000.00	11,957.24	120%	10,000.00	6,561.47	66%	10,000.00
601 Claims	-	-	0%	2,114,615.00	-	0%	791,818.00	-	0%	100,000.00	-	0%	1,582,488.00
602 Other Expenses & Obligations	1,000.00	716.57	72%	5,272.00	31,650.40	600%	1,000.00	998.97	100%	1,000.00	524.12	52%	-
701 Licenses	-	-	0%	-	-	0%	-	-	-	-	-	-	-
705 Refund	2,500.00	3,276.62	131%	10,000.00	32,478.62	325%	15,000.00	684.00	5%	15,000.00	5,404.91	36%	50,000.00
Expenditure Total	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	1,368,978.02	96%	2,508,299.00
RECAP	FY14 Budget	FY14 TO DATE	FY14 %	FY15 Budget	FY15 TO DATE	FY15 %	FY16 Budget	FY16 TO DATE	FY16 %	FY17 Budget	FY17 TO DATE	FY17 %	FY18 Budget
Total Revenue	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	2,853,734.23	200%	2,508,299.00
Total Expenditures	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	1,368,978.02	103%	925,811.00
Balance	(171,377.24)	227,203.36		2,114,615.00	1,812,429.35		791,818.00	1,236,842.18		100,000.00	1,484,756.21		1,582,488.00
Approp Close Out &/or Appeal Boards	-	-		-	-		-	-		-	-		-
Amount Carried Forward	(171,377.24)	227,203.36		2,114,615.00	1,776,665.35		791,818.00	1,236,842.18		100,000.00	1,484,756.21		1,582,488.00