

State of Washington  
**Department of Labor and Industries**  
 Decision Package

<b>Decision Package Code/Title</b>		<b>Plumber Fee Increase</b>
<b>Budget Period</b>		<b>2012 Supplemental Budget</b>
<b>Budget Level</b>		<b>ML2</b>

**Recommendation Summary**

Revenues in the dedicated Plumbing Certificate Account are not sufficient to cover expenditures. The Plumber Certification Program proposes to increase fees by seven percent (\$35,000) in Fiscal Year 2013 in order to cover basic operating expenses. The program is strictly fee supported.

**Fiscal Detail**

**Change to Revenue:**

Description	FY 2012	FY 2013	TOTAL
Revenue:			
885 / 02 72	0	35,000	35,000
<b>TOTAL Revenue</b>	<b>0</b>	<b>35,000</b>	<b>35,000</b>

**Package Description**

Labor and Industries' Plumber Certification Program assures the plumbing industry of a qualified workforce to ensure safety for consumers, workers and the general public.

The Plumber Program needs a fee increase of seven percent in order to cover its operating expenditures. The program's fund balance continues to drop as expenditures continue to exceed revenues.

The Plumber Program is a small program with a dedicated fund. Due to the decline in the economy and reduced revenues, the program has reduced staff by 28 percent ( $2.25 / 8.0 = 28.1\%$ ) in order to minimize the impact to their limited fund balance.

The current fund balance for this program as of September 2011 is \$75,000. \$75,000 fund balance is equivalent to just over one month's worth of working capital (\$75,000 fund balance / \$59,000 monthly expenditures = 1.3 months).

### **Narrative Justification**

The Plumber Program is responsible for Chapter 18.106 RCW – Plumbers. The program:

- Certifies more than 6,000 plumbers every two years.
- Provides oversight for 2,000 plumber trainees.
- Provides oversight for 600 medical gas installers.
- Tests an average of 500 plumbers per year.

By enforcing plumber certification laws, the program assures the plumbing industry of a qualified workforce to ensure safety for consumers, workers, and the general public.

### **Revenue**

The program receives its revenue from plumber licensing exam fees, continuing education, and compliance activities. Revenue is deposited into the Plumbers Certification Account, Fund 885.

### **Current Staffing**

The Plumber Program has 8.0 full-time positions. There are 3.7 Field Compliance Inspectors and 4.3 central office positions. However, the program is only charging 2.0 Central Office staff in order to reduce expenditures (see chart below).

Central Office Positions	FTEs
Contractor Compliance Chief	0.05
Technical Specialist	0.5
Support Staff	1.5
<u>Total</u>	<u>2.05</u>

### **Alternatives Explored by the Agency**

The program has already reduced spending in FTEs by 28 percent. The Plumber's Board continues to pressure the program to perform more compliance activity in the field in order to reduce underground economy activity. Of the 5.75 FTEs that remain, 3.7 FTEs perform the work of compliance activities in the field and 2.0 FTEs perform the work in Central Office. The 2.0 FTEs within the central office provide:

- Technical support for the program.
- Review performance affidavits.
- Enter data for plumber trainee certification cards.
- Audit records to verify the correct number of hours for plumber trainees.
- Proctor certification exams.
- Audit third party testing and courses.

### **Effects of Nonfunding**

Even with emphasis on compliance activities, which generates additional revenue, the fund balance is estimated to continue to decrease.

### **Expenditure Calculations and Assumptions**

There are no additional expenditures requested.

### ***What is the relationship, if any, to the state capital budget?***

None

### **Revenue Calculations and Assumptions**

The minimum fund balance for this program should be equal to no less than three months of expenditures providing a working capital reserve to enable the program to respond to economic fluctuations.

A fee increase of seven percent is requested effective August 31, 2012 to help generate the additional revenue needed.

Description	FY 2013
FY 2013 monthly revenue before fee increase	55,949
Less penalties (not subject to fee increases)	(6,083)
	49,866
7.0% Fee Incr.	3,491
Add Back Penalties	6,083
FY 2013 Monthly Revenue After 7.0% Fee Incr.	59,439

Funds:	FY2012	FY2013	2011-13	FY2014	FY2015	2013-15	FY2016	FY2017
885 - Plumbing Certificate Account □	0	35,000	35,000	42,000	42,000	84,000	42,000	42,000
608 - Accident Account	0	0	0	0	0	0	0	0
609 - Medical Aid Account	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0
Total	0	35,000	35,000	42,000	42,000	84,000	42,000	42,000

Funds:	FY2018	FY2019	2017-19	FY2020	FY2021	2019-21	TOTAL
885 - Plumbing Certificate Account □	42,000	42,000	84,000	42,000	42,000	84,000	371,000
608 - Accident Account	0	0	0	0	0	0	0
609 - Medical Aid Account	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total	42,000	42,000	84,000	42,000	42,000	84,000	371,000