

Job Creation Committee

Minutes from the June 2, 2015 Meeting

Call to Order & Establishment of Quorum

The Job Creation Committee (JCC) meeting was called to order by Chairman Nick Rhoad on Tuesday, June 2, 2015 in Conference Room W064 at 9:06 AM.

Committee Members Present:

Allen Pope
Barbara Quandt
Richard Wilson
Nicholas Rhoad
Timothy Reed
John Wright
Joe Habig – SBA

IPLA Staff Members Present:

Nick Goodwin

Review & Adoption of Agenda & April Minutes

Tim reed moved to adopt agenda, Col. Wilson seconded. All in support, none opposed. Motion carries.

Old/New Business

Discussion & Resolution of JCC requirements pursuant to IC 25-1-16-8:

Mr. Rhoad explained that he wants the committee to understand what is expected of them by July 1st and what that recommendation report should entail. He believes that the committee is well ahead of schedule. Mr. Goodwin explained that the committee has 38 professions to review in over 5 years. Mr. Rhoad would like for the committee to review all of their work, spanning the past year, that will be in the report to the Legislature. At the next meeting on June 17th, the committee will finalize recommendations to submit the report due on July 1st. Mr. Rhoad explained that there are six factors that he believes will be helpful for the committee to consider while reviewing these professions. The factors include risk analysis, informed consumer choice/trial & error, self-regulation by the profession, legal alternatives to regulation, cost-benefit determination, and the case for the professional license.

Is the committee comfortable with these categories of analysis? Motion so moved by Col. Wilson, seconded by Tim Reed. Motion carried by consent.

Accountants

Mr. Rhoad explained that the committee's review has already been turned in for this profession. He recognizes that this profession already has very thorough national licensure requirements, so there is a smaller need for state regulation. Mr. Reed explained that appraisers only have a state licensing board because federal regulations required it. Mr. Wright mentioned that the accountant profession is similar, and the way his firm does accounting business is very similar to

how it is done in other states. He elaborated that most states have adopted umbrella standards from federal accounting organizations. Col. Wilson asked if removing the Board would remove the state's ability to quickly cease the actions of bad actors in the profession. Mr. Wright responded that he still believes that a state board is important.

Architects/Landscape Architects

The committee is reminded that there are three different license types for these professions. Col. Wilson asked – If the state is already licensing practitioners, why is it necessary for the company to have a corporate license as well for both accountants and accounting firms? Mr. Pope explained that it's another way to regulate the company itself as opposed to the individuals. He explained that it helps cover anyone else in the company who aren't licensed professionals but are still necessary support staff. Ms. Quandt explained that it's a way to keep the entity itself responsible. Col. Wilson thinks it's excessive for the state to mandate a corporate license.

Mr. Reed explained that in his experience with the Indiana Real Estate Commission, it's rare that sanctions are issued against a corporate license. Sanctions are usually just against individuals. It's more common in the funeral/cemetery business for the firm permits to be revoked. Mr. Wright explained that even if a sole practitioner is in practice, they need to have an individual license and a firm license as well.

Col. Wilson responded that overall, he finds no compelling risk to the consumer to get rid of the accountant firm license. He believes that the profession does a great job of regulating itself in the first place, so the firm license just seems excessive. Mr. Reed explained that sometimes the corporate license is necessary to meet IRS standards for corporations. Col. Wilson explained that he believes that there are other resources out there for government to stop bad practices if something goes wrong. Mr. Rhoad believes that in the recommendation, there should be a section to include something that we have uniquely identified in the profession and its licenses.

Changing the discussion topic, Mr. Rhoad explained that he struggles with recognizing the state's proper role in regulating landscape architects. Ms. Quandt responded that landscape architects have rigorous education requirements and work well in conjunction with architects. Ms. Quandt recognized the public safety aspect of landscape architects, but she doesn't believe there is a compelling public safety risk if the state does not regulate the license. Col. Wilson mentioned that in lieu of an apprenticeship, there should be some kind of significant training program in place that will promote more competition instead of the "cheap labor" of interns. Col. Wilson thinks that a certification program for landscape architects might be easier for them to enter the profession, as long as training remains rigorous, which could be set by the authorizing association.

Mr. Wright brought up the issue of reciprocity in other states. Col. Wilson believes that with rigorous certification requirements, it could help alleviate any reciprocity issues with other states. Col. Wilson believes that absent any huge government objections, the committee should be bold with its thoughtful recommendations of how to approach potential legislation with these professions.

Mr. Pope wanted to discuss how some of the definitions for the professions (scope of practice) could be tightened up. He explained that some of the definitions for the licensed practices are ambiguous or vague, and it allows the AG's office to have more power to go after anyone seeming to be in violation of the licensure – too much legal interpretation. He believes that it puts too much power into AG's office, so you have to hope that the AG's office fully understands

the profession and doesn't accidentally go after someone not really in violation. An example would be someone who just cuts grass being prosecuted for not having a landscape architect license. Mr. Rhoad wanted to remind everyone that the committee's goal is to just make legislative recommendations for the legislature to then ponder on and decide if they want to act on them or not. Mr. Pope still believes that definitions of these professions need to be defined very clearly so that the state doesn't accidentally require that any lawn-mowers need a landscape architect license, when they really don't. Mr. Rhoad believes that the committee can put language in the final recommendation about specifying the landscape architect profession.

Home Inspectors

Mr. Rhoad could only find 14 disciplinary cases that came before the Board since the creation of the license. Also, since it is almost always the real estate brokers who order the home inspection, not the consumer, there is no consumer risk. Mr. Reed believes that the industry will weed out the bad inspectors, plus two major trade organizations regulate it pretty well. Only 5% of home buyers choose their own home inspector. Col. Wilson is just not convinced that licensing this profession was ever an important issue or a public safety issue. Mr. Reed believes it was just a powerful lobby back then. Ms. Quandt is still concerned about the testimony from the home inspector trade organization, and how they like the super high licensing fees because it keeps out the "hobbyists." The Committee is in agreement that this is a perfect example of a profession that can be deregulated. Mr. Rhoad also points out the PLA and the Home Inspector Licensing Board are currently working to lower the fees to \$50, from \$450.

Engineers

Mr. Rhoad expressed that the intern/apprenticeship license for this profession is a concern to him. Col. Wilson again questioned the necessity of both the intern license and the corporate license for this profession. He wonders why it is necessary to license the individual engineers in a firm, plus license the overall firm, and in addition to licensing the interns who should be supervised by individually licensed engineers in the first place. He feels it is redundant.

Surveyors

Mr. Rhoad felt that there is redundancy in this field. He explained that this profession has firm licenses, intern licenses, continuing education provider licenses, and corporate licenses. He believes that the IPLA should be carefully to wade into the education licensing business. Mr. Pope said that the AG's office does not typically receive complaints for continuing education providers. Col. Wilson expressed concerns with the people providing the education who might have direct connections with the actual trade organization, so the level of transparency concerns him. He explained that he is not attacking training or professional development; he would just like to ensure that the licensed CE providers are not in cahoots with trade organizations or any other behavior that might take advantage of trainees. Mr. Pope explained that sometimes he sees other schools accepting students who are not capable of finishing the program just so they can collect the federal/state education grants. He believes that licensing CE providers were probably initially established as a consumer protection issue.

Private Investigator and Security Guard Firms

Mr. Rhoad expressed his concerns about IPLA possibly not being the best agency to oversee these professions. He believes that some monitoring of this profession is necessary and perhaps ISP or DHS would be better suited to regulate any violations. Col. Wilson agreed with Mr.

Rhoad's concerns. He also expressed his concerns with the amount of security guards who are allowed to carry a gun in a security capacity with just obtaining a private, individual firearm permit. He believes that there should be more regulation of the individuals in the security guard profession who are required to carry a gun during their shifts to use in a security or protection capacity.

Mr. Rhoad explained that he attended a disciplinary hearing for this profession. He believes that most reasonable people or children would easily assume that most security guards are police officers, as their uniform and cars often look similar to police, and that is concerning to him.

Col. Wilson expressed that he doesn't want to bother licensing the retired guy doing unarmed mall-security. He is only interested in regulating the security guard or private investigators carrying weapons and/or working for high-end clients. He agrees that some kind of mandatory training, possibly managed by the ISP, would be beneficial to these licensees to help protect the public.

Manufactured Home Installers

Mr. Rhoad expressed that state regulation of this profession is mandated by the federal government, so there is not much that the Committee can do to make changes to this board/license. Mr. Pope mentioned that this license also has a twist, because without the manufactured home license, individuals in this profession would need to obtain separate licenses for plumbing, electric, etc. He believes that this is a license that the committee does not need to examine any further or recommend any changes.

Funeral/Cemetery Service Practitioners

Mr. Rhoad mentioned that this profession provided the committee with difficulties in distinguishing between all of the different license types. He suggested that the committee recommend consolidating or eliminating some of these potentially redundant license types. Mr. Rhoad believes that the committee should be mindful of any recommendations in this area, due to the sensitive nature of the work of funeral and cemetery service providers.

Hearing Aid Dealer Examiners

Mr. Rhoad expressed concerns about the stiff entry requirements for this profession being a barrier to entry. Col. Wilson expressed his doubts about the necessity of licensing interns in this profession. He explained that maybe this license needed oversight back in the nineties, but in the age of the Internet and widespread consumer access to reviews of providers, the state may not need to protect consumers from unscrupulous bad practitioners in this field anymore.

Mr. Wright mentioned that there may be more necessity to protect consumers, since hearing aids mostly deal with a more vulnerable demographic.

Col. Wilson agrees, but he believes that the market should ultimately take care of poor quality providers and that good quality providers should stay in business. He is not convinced that licensure really motivates people to provide quality service in this industry. Mr. Reed expressed concerns that at the rate of disciplining violations in this profession at two per year, if it is really worth the money of financing the Board to regulate the profession.

Plumbers

Col. Wilson explained to the committee that he was initially skeptical about this profession, but he became convinced from further review and industry testimony of its necessity and overall efficiency. He explained that this industry has robust oversight by trade organization and local ordinances that keep professionals in check and goes well beyond state regulation of the licenses. The committee may want to ask the Legislature to look into reducing state involvement and moving more responsibility onto to county/local offices since they often interact with individuals in this profession the most, mostly in the building permit offices.

Mr. Rhoad agreed that there is a serious public health issue in licensing and oversight of plumbers. He explained that his only concern is promoting the profession and getting more people into the apprenticeship and education programs. Col. Wilson also asked about the necessity of the corporate plumbing license; he expressed his concern about more potential redundancy.

Auctioneers

Mr. Rhoad explained that his only real concern with this profession is the licensing of course providers and education providers in general. He asked if the Board should really be involved in education programs. Mr. Reed explained that the State is requiring that the course providers pass a certain state exam to make sure that the courses are providing quality coursework to ensure high pass rates for their students. He elaborated that if a CE provider is going to charge a consumer \$650, it needs to be of adequate quality to ensure that the consumer has the tools to pass state exams. Col. Wilson expressed more concerns about the necessity of licensing the firm and the individual auctioneers. He suggested that the committee ask the Legislature to examine this potential redundancy.

Assessment Framework for Board Recommendations

Mr. Rhoad wanted to spend the remainder of the meeting discussing how to compose the recommendation and make it clear to the General Assembly the purpose of these licenses and how the licensing boards can oversee each of them.

Col. Wilson thinks that the committee should make a recommendation for a working capital fund, and that it could be an attachment to the main report due on July 1st. Mr. Rhoad stated that since IPLA is the only state agency that oversees professional licenses, it should have the power to consolidate back-room operations to prevent duplicating efforts, increase efficiencies, promote economies of scale, etc. He explained that he wants to see all professional licenses pay for themselves and avoid the General Assembly needing to make appropriations for the IPLA.

Col. Wilson explained that he supported Mr. Rhoad's ideas for three reasons. He likes the idea that taxpayers wouldn't pay for licensee oversight, and the licensed professionals would take care of it themselves through their licensing fees. He also believes that such a recommendation would take the incentive away from creating more licenses just to increase revenue stream. Col. Wilson also likes the idea that Mr. Rhoad's suggestion increases overall accountability of the IPLA, since currently most people don't know without extensive research the exact cost of overseeing each professional license. He also believes that it's a good opportunity to consolidate the boards where appropriate. He also suggested for the committee to include some kind of sunset provision in their recommendation to allow the legislature to review these professional licenses on a regular basis.

Mr. Reed asked why the sunset provision was done away with in the first place.

Mr. Rhoad added that he believes that more continuing education and licensing exams should move more towards a competency-based model rather than experience hour requirements. He believes that it would be a more effective way to help more Hoosiers pass the exams to obtain these licenses, and he notes that the accounting professional already utilizes this education model with great success.

Col. Wilson also wanted it added to the recommendation that the committee would like to see more clearly define professions to make sure that the state isn't accidentally regulating professions that don't need oversight.

Mr. Pope suggested that perhaps the committee should recommend creating sub-sets of licenses, such as creating hair-braiding licenses instead of requiring individuals to obtain a costly and broad cosmetology license, to ultimately lower barriers to entry in professionals with low public safety risks. Col. Wilson agreed that cosmetology may be a great example for an industry self-certification. Mr. Goodwin pointed out to the Committee that the self-certification registry is voluntary, whereas professional licenses are mandatory.

Concluding Discussion by the Committee

None.

Adjournment

Motion to adjourn was proposed by Chairman Rhoad at 11:11 AM. Mr. Wright so moved and Col. Wilson seconded. Without opposition, the motion carried and the meeting was adjourned.

Next Scheduled Meeting
June 17, 2015 at 1:00 PM
Indiana Government Center-South
402 West Washington Street, Room W064
Indianapolis, IN 46204