

# **Job Creation Committee**

## **Minutes of the February 19, 2015 Meeting**

### **Call to Order & Establishment of Quorum**

The Job Creation Committee (JCC) meeting was called to order by Chairman Nick Rhoad on Thursday, February 19, 2015 in Conference Room W064 at 9:05 a.m.

Committee members present:

- Nicholas Rhoad, Chairman
- Richard Wilson
- Timothy Reed
- Allen Pope
- Barbara Quandt
- Courtney Everett (OMB)

IPLA staff members present:

- Nick Goodwin

### **Adoption of Agenda & Review of January Minutes**

The committee reviewed the agenda. Col. Wilson introduced a motion to adopt the agenda, and Ms. Quandt seconded. The committee reviewed the minutes from the January meeting. Again, Col. Wilson introduced a motion to adopt the agenda, and Ms. Quandt seconded. The committee adopted both documents.

### **Presentation from the Manufactured Home Installer Licensing Board**

Jeanette Langford, Board Director for the Manufactured Home Installer Licensing Board, presented to the committee. Ms. Langford explained the types of licenses provided by the Board and their functions. She also explained the Board's role, and she mentioned that this Board does have some federal oversight for this license. The Board's staff consists of one director, one assistant director, and four customer service representatives. She explained the range of fees for this license. The fees in general are moderately priced when compared to other professional licenses.

Mr. Rhoad asked Ms. Langford how long the Board's meetings last. She responded that it's twice per year, and the meetings last about an hour. She explained that the State is not required to license manufactured home installers, and we could defer Hoosiers in the field to obtain a federal license instead. Mr. Rhoad asked how many phone calls her Board receives on a monthly basis for this professional license. Ms. Langford responded that they receive maybe three or four calls per month, as it is a very small pool of licensees.

### **Presentation from the Indiana Attorney General's Office regarding Manufactured Home Installers**

Terry Tolliver, Deputy AG, presented to the committee. He presented the number of complaints received and the results of investigations conducted from 2008-2014. Only two consumer complaints for this license were received in 2014. A total of 33 investigations were conducted from 2008-2014 and only 15 resulted in litigation files opened. Suspensions and cease and desists are the most common result of investigations in this profession.

Col. Wilson asked if most of the litigation cases resulted in some kind of prosecution or litigation being pursued against the companies. He wanted to know of those cases that actually went to

litigation, what are the sources of those complaints. He asked if other companies are submitting the complaints or consumers feeling like they got ripped off are the ones complaining. Mr. Tolliver responded that while both sources of complaints have occurred, he doesn't have specific examples ready for the committee. Complaints coming from businesses or from within this industry usually involves making complaints against professionals failing to receive their continuing education. Consumer complaints usually involve issues with poor installation of the home causing major expenses to the homeowner.

### **Report from the Indiana Manufactured Housing Association – Recreation Vehicle Indiana Council**

Mark Bowersox, Executive Director of the Indiana Manufactured Housing Association, presented to the committee. Their organization represents the entire manufactured home industry in Indiana, and includes the manufacturers who manufacture the houses, retailers who sell the houses, and mobile home communities where the consumers live in the houses. In his opinion, it is the most regulated form of housing in the world. As all manufactured home are built to HUD construction code, which is federally regulated, the product can then go into any state and supersede any other building code; it is generally a more efficient building code model in production of the houses. Around fifteen years ago, the manufactured home industry asked HUD to set up a professional license for manufactured home installers. There used to be quality control problems before licensure, as there was little connection or accountability between those who manufactured, sold, and installed the homes. Manufactured homes used to have warranties built into the price that accounted for 4-5% of the total sale price. HUD agreed to set up a program to help uniformly train manufactured home installers to perform up to HUD building code and federal standards. HUD required the states to set up their own state-run licensing programs for the profession by 2005. HUD agreed to set up their own federal program in any state that did not comply. As of today, a few other states still have not set up their state-run licensing programs, but HUD has yet to do anything about it.

Some people ask whether Indiana should continue to maintain this license at the state-level or just let HUD come in and set up a program with federal oversight. Mr. Bowersox's opinion is that the state should keep the federal government out of the license oversight as much as possible. He believes that the federal government takes much longer to process things, and quality control on the products made in Indiana have improved since the state began overseeing the licensure of this profession. Now, only about 1-2% of manufactured home costs are tied up in warranties. The manufactured homes sold in Indiana are built in Indiana, and our state ranks fourth nationally in the construction of these homes. Manufactured homes serve an affordable housing niche, and that is something that Hoosiers need as the average median income in our state is less than \$50,000.

One of the concerns in this industry is the lack of data on the installers and the installations that are taking place in the state. Currently, there is no method or reporting system for manufacturers to indicate that they manufactured, sold, and installed a home. The BMV currently manages a database of mobile or manufactured homes that aren't permanently fixed to a location, but there is no way to track manufactured home installation.

Mr. Bowersox continued that he does not recommend combining this Board with any other board, but he also trusts the committee's discretion on this issue. He believes that it is unlikely that another board will have the same unique concerns found within the manufactured home installer profession.

Ms. Quandt asked Mr. Bowersox how many employees in the industry are licensed. He responded that most employees of the industry are licensed through the state and members of the IMHA.

Col. Wilson asked if the IMHA would be able to collect that data from its members. Mr. Bowersox said that yes, his organization could handle it, but the reporting would have to be voluntary. Col. Wilson responded that it seems that his organization is looking for a regulatory requirement to report data. Mr. Bowersox responded that not all members would be willing to thoroughly report all data, so it would be difficult.

Col. Wilson asked for more clarification on the BMV's data on manufactured homes that aren't permanently affixed to real estate. Mr. Bowersox explained that manufactured homes are treated in two ways: it is either taxed as personal property and titled by the BMV while the homeowner just leases the ground underneath the home, or the house is permanently affixed to the ground and taxed just like a convention home through property taxes.

Col. Wilson asked Mr. Bowersox to provide his opinion regarding whether the state is the best entity to oversee this profession, or if given the resources, IMHA could handle the responsibility. Mr. Bowersox responded that the IMHA could serve its own industry. However, he would be concerned about the federal government not approving a non-state-run licensing program, as HUD had very strict requirements for the states back in 2005. He repeated that he is very strongly opposed to the federal government taking over the state-run program.

Mr. Reed asked about the 12 states that have the HUD default program instead of their own state-run program for licenses and why they chose that instead of creating their own program. Mr. Bowersox speculates that it is probably because, in those states, manufactured homes compose of less of the housing stock than in Indiana. Those states probably do not feel the need to create a state-run program, since it won't affect many homes, and there is probably not an employment base in the industry in those states.

Mr. Pope mentioned that the statute for this license allows these installers to engage in minor electric and plumbing work. He asked how these installers are able to do these things without a plumbing license, and he asked if anyone has ever complained about the electric or plumbing work done by these installers. Mr. Bowersox responded that he hasn't heard of any specific complaints about that, mostly because any electric or plumbing work mostly just requires making initial connections—nothing extensive. Col. Wilson asked about the difference between mobile home installers and manufactured home installers. Mr. Bowersox explained that the term is somewhat interchangeable. Generally, manufactured homes are built to the federal HUD code, while modular/mobile homes are built to Indiana Code.

Col. Wilson asked about the number of people who are allowed to work under a licensed individual without needing their own license. Mr. Bowersox responded that anywhere from 4-6 people can work under a licensed individual in this profession, and usually those unlicensed individuals are either in an apprenticeship program on a path to licensure, or they are just working part-time. The licensed individual supervising their work is responsible for the quality of the installation of the unlicensed individuals.

Mr. Rhoad asked about the use of formaldehyde in the manufacturing of these homes. Mr. Bowersox explained that most of the conversation about this topic has died down. He elaborated that federal standards don't dictate the use of formaldehyde; the standards just dictate that the house needs to be able to retain a certain amount of heat. What happened in New Orleans with the FEMA trailers is

that unqualified volunteers with good intentions were installing a large number of these homes incorrectly. That is not the case with homes manufactured or installed here in Indiana by licensed professionals.

Col. Wilson asked if someone purchases a manufactured home in Illinois, would they still need a licensed installer to install the home in Indiana. Mr. Bowersox responded that despite some differences by the state in the national building code, installation standards are fairly uniform. If someone wants the house installed up to code, they would need to hire an installer with an Indiana license. His organization has trained people from other states to be licensed in Indiana, so they can work here as well.

Mr. Reed asked about the status of Illinois' state-run program for this license. Mr. Bowersox explained that Illinois does not have a HUD-approved state-run program at this time.

Mr. Rhoad asked Mr. Pope how many resources his office allocates to complaints for this profession. Mr. Pope responded that his office processes very, very few complaints from this profession, and there were zero complaints in 2013.

### **Break for Lunch**

Chairman Rhoad proposed a motion to break for lunch at 12:02 PM. The committee reconvened at 1:00 PM.

### **Presentation from the Private Investigator and Security Guard Licensing Board**

Amy Hall, Board Director of the Private Investigator and Security Guard Licensing Board, presented to the committee. There are approximately 910 active licenses in these professions in Indiana, and she explained the license types and functions. The Indiana State Police used to manage these licenses before the Board took over. This Board's staffing is typical of the other boards. Ms. Hall explained the licenses fees: initial issuance fee of \$300 and a renewal fee of \$300.

### **Presentation from the Indiana Attorney General's Office regarding Private Investigators and Security Guards**

Mr. Tolliver, Deputy AG, presented to the committee again. He presented information regarding all complaints received for this industry and investigative results ranging from 2008-2014. Most litigation files ended with a cease and desist; only a few "no sanctions" issued. A common complaint against the licensed professionals stemmed from the licensee not having the appropriate insurance or license. From consumers, common complaints received mostly regarded a PI not doing a thorough job or never completing the job. One specific complaint was recently on the news that involved a company whose security guards were portrayed as police officers. In that case, the officers wore uniforms very similar to IMPD and drove cars with decals similar to IMPD.

Col Wilson asked if all of these security guards or PIs are licensed to carry firearms. Mr. Tolliver responded that having a license to carry firearms would not license you to be a PI or security guard, nor would it qualify you to own a firm without proper licensure from State. Col. Wilson rephrased his question and asked if an individual were licensed to carry a firearm, would it be legal for them to hire themselves out as a part-time security guard. Mr. Tolliver did not have an answer.

Col Wilson wants to know about the 43 unlicensed practice complaints. Did those complaints come from consumers or the industry? Mr. Tolliver isn't sure, but he would guess that the complaints came from the industry.

### **Presentation from the Indiana Society of Professional Investigators**

Dave Shelton, President of the Indiana Society of Professional Investigators, and Kim Ridding, President of the Indiana Association of Private Investigators, presented to the Committee.

Col Wilson asked about the difference between the ISPI and IAPI. Mr. Shelton explained that they are two similar organizations formed at around the same time without the knowledge of each other. Both organizations serve the same purpose.

Mr. Shelton read the executive summary from their report. Their organizations help maintain quality assurance to business owners and the public at large. The current licensing requirements are minimal and create a very small cost to business start-ups at just \$75 per year. Both organizations want tougher standards, but they still believe that the minimal standards are still necessary.

Mr. Rhoad asked about how often members of their organizations come into contact with sensitive information such as social security numbers or private health information. Mr. Shelton responded that they don't usually deal with health information, but SSNs are used on a daily basis. Mr. Rhoad asked about this profession's contact with minors. Mr. Shelton said that with child custody and divorce cases, contact with minors happen occasionally. Mr. Rhoad asked about this profession's contact with weapons. Ms. Ridding explained that most employees have their own personal firearm that they are licensed to carry. Mr. Rhoad asked if the local sheriffs or county police are aware of the PI and security guard firms operating in their area. Mr. Shelton said that in smaller areas and towns, there is more awareness. Larger areas like Indianapolis, he isn't sure due to the high volume of PI firms.

Col. Wilson asked about the merit of licensing a PI or security guard firm as opposed to licensing the individuals. Mr. Rhoad explained that it was a statutory change by the IPLA. It used to be that security guards had an extremely high turnover rate for employment, so it became a nightmare of processing thousands of security guard license applications per year. IPLA decided it would be better to license the business owners and hold them accountable for their employees instead.

Col. Wilson asked if their organizations would be able to oversee the licensing of this profession if they had the resources and were granted the authority to act as an agent of the State. They both responded that they do not believe it would be possible. They explained that there are no continuing education requirements for firms to maintain their licenses and no other training required on a renewal basis. Only one person in a firm has to meet some minimum requirements regarding training or experience, and that entails at least two years of experience in police, military, or insurance investigation or a 4-year degree in criminal investigation, plus 4,000 hours of experience in the field. Ms. Ridding also added that firm or business owners in this industry have to pass extensive criminal background checks to gain licensure.

Col. Wilson asked about the difference between a firm that specializes in private investigation versus a firm that provides security. Mr. Shelton explained that security guards protect people and property while private investigators provide information in a way that can be comprehended. He explained that 45 other states license private investigators. Col Wilson asked if their organization would be in favor of a corporate certification in lieu of a state license. Mr. Shelton disagreed, and he believes that a certification versus a license would cause all kinds of unlicensed individuals from other states trying to start a business here in Indiana without the proper qualifications currently required by state licensure. Col. Wilson asked if the organizations could act as an agent of the state

to make changes to the requirements without legislature, and instead using a Board to decide on any potential changes. Col. Wilson added that if the organizations are advocating for more regulations, then perhaps dealing with it themselves might be a good solution for that.

Mr. Shelton explained that their organizations do not offer specific certifications in addition to state licensing. Brandy Lord of ISPI, via Skype, spoke to include that she doesn't believe that their volunteer organizations have the resources to oversee the licenses themselves even given the authority to act as an agent of the state.

Ms. Quandt asked for them to describe a typical firm that would be a member of their organization. Ms. Lord explained that it's all over the board, and some licensed firms are just individuals working by themselves. Ms. Quandt asked for her to clarify what would constitute as a large firm. Ms. Ridding explained that it's hard to know exactly how many people are working within a firm, as there is only data on the number of licensed firms.

Mr. Pope proposed that if the state had certification-optional firm licenses available, then it could be up to the consumer to decide if they want to hire someone certified or not. Ms. Ridding expressed concerns about this because that would lead to no one conducting criminal background checks on everyone doing this kind of work. She believes it could pose a danger to the public. Mr. Shelton is unaware of any other state that offers an optional "certificate" for this profession. He explained that a state-issued license allows them access to certain databases of sensitive information that is not available to the public.

Ms. Quandt asked if business owners who carried a PI firm license are required to conduct background checks. Ms. Ridding said that it is not a requirement, but good business owners would never hire someone without a thorough background check. Mr. Shelton added that he believes that Indiana has an incredibly easy pathway to licensure for this profession in Indiana. Illinois, for example, requires an extensive exam, and Mr. Shelton believes that increasing requirements for licensure would only help protect the public. Col. Wilson proposed that with voluntary licensing, the consumers would be responsible for making informed decisions about who they hire for security or private investigation work.

It is noted that Barbara Quandt had to leave at 2:21 PM.

Raymond Myszak, from Star Security & Investigation in Merrillville, Indiana, spoke to the committee from the audience. Col. Wilson asked him about the regulation of security guards, specifically about the difference between mall security, building security, or other guard services. Mr. Myszak explained that some companies have guard forces of their own, and those are called "proprietary guards." Col. Wilson asked him if the regulatory framework for security guard firms is the same for PI firms. Mr. Myszak explained that at least one person in that security guard firm or business has to meet the licensure requirements. Col. Wilson asked about the threat to public safety caused by low-level security guards who are hired without background checks. Mr. Myszak responded that they could be thieves or dealing drugs while on the job. Ms. Ridding added that low-level security guards would also have access to restricted areas that others do not.

Col. Wilson asked Mr. Myszak about the purpose of the security guard license. He asked for his opinion on voluntary certification versus state licensure, or if licensing both security guard firms and individuals would be beneficial. Mr. Myszak explained that Illinois has a similar situation to what Col. Wilson is describing. Illinois issues PERF cards to certify an individual as a security guard. An individual could use that PERF card to work for any security guard firm.

Mr. Rhoad asked about the possibility of the state continuing to mandate licensed firms but also provided voluntary certifications for individuals. Mr. Myszak explained that in his worst year of business, he saw a turnover rate of 250% for his employees with only about 20% sticking around for a few years. This trend is very common in other security guard companies as well. He suggested that the state may not be able to totally rely on an individual to voluntarily certify themselves. He added that perhaps relying on the guard companies to complete the training for individual employees would be better than relying on the state.

Mr. Rhoad wanted to know more about the apprenticeship required to become a licensed PI firm. Mr. Shelton responded that the profession doesn't have an official apprenticeship requirement; it's just the licensure that requires at least 4,000 hours of experience while working under another PI firm. Mr. Rhoad asked about what happens in the other five states where PI firms are not licensed. Don Johnson, Board Chairman of the Private Investigator Board, spoke up from the audience that those states where the PI firms are not licensed are very thinly populated. He explained that most often, those thinly populated cities issue PI firm license under the umbrella of a business license. Therefore, in those states, the PI firms are not completely unregulated; their licenses just aren't regulated by a state-run program.

Mr. Johnson spoke further with the committee and explained that the industry's primary concern in regards to licensure is the minimum, uniform standards that state-run licensure provides. He explained that most insurance brokers or private information databases require a professional license, so PI firms would not be able to run their business effectively without that access. Col. Wilson wants to know again about when the state should stop trying to protect the consumer from themselves. Mr. Johnson responded that he believes that the consumer sees a license as a marker that the firm has met a minimum set of standards. Otherwise, he believes that the state would be putting consumers who are vulnerable in their time of need to predatory individuals who may be unqualified and have malicious intentions.

Mr. Rhoad proposed that due to the sensitive subject matter, including minor children who are not old enough to be consumers, he isn't convinced that the IPLA is the best place to house this Board. Due to the public safety aspect and law enforcement involvement, he believes that perhaps another agency should regulate it—such as the Indiana State Police or the Dept of Homeland Security. Mr. Rhoad added that he firmly believes in industry-regulated professions. Mr. Johnson asked if the Board structure would remain intact if it did indeed move over to the oversight of IDHS or ISP. Mr. Johnson mentioned that his first PI license was regulated under the rules of ISP and that Michigan still regulates their PI licenses through their state police. He firmly believes that licenses help keep firms accountable for consumers.

Mr. Rhoad mentioned that he would really like to have a conversation with a law enforcement officer who doesn't have a direct financial vested interest in the licensure of this profession.

Ms. Lord introduced, via Skype, a six-year veteran of the Mishawaka Police Dept who works in her firm to address the committee. [This testimony was unable to be transcribed due to the poor Skype connection.]

Mr. Rhoad concluded the discussion by expressing that he really would like to hear from someone from ISP who is already a Board designee.

### **Concluding Discussion by the Committee**

Col Wilson does not believe that the manufactured home installer license is a barrier to entry into the profession, and to him it sounds like the license ensures safety at a reasonable price. From his perspective, this license makes the most sense, as it was well presented as a cost-efficient way to ensure safety and quality for both consumers and professionals. Mr. Pope mentioned that legally speaking, if this license were not available, then technically these installers would be required to obtain a plumber's license just to connect pipes when installing a home. He elaborated that it would be very inefficient, as the installers only really need to learn basic plumbing/electricity to install a home. Mr. Pope believes that this license helps create jobs.

Mr. Rhoad asked Ms. Quandt about how many people she knows who are involved in this profession. She agrees that cost is very agreeable. Ms. Quandt says that since the feds require a license as well, she believes that the state really has no jurisdiction to eliminate the license. Mr. Reed initially said he would be interested in letting the federal government run the license, but after hearing the presentations, he can see the value and effectiveness of keeping the state-run program.

Mr. Rhoad asked again about the possibility of IMHA overseeing the licensing. He wanted to know if getting accredited by the IMHA and just pursuing a federal license take the place of a state-run program. Mr. Pope didn't have the answer to that. Mr. Rhoad asked Mr. Bowersox if his organization offers special accreditations or endorsements for members beyond state licensure. Mr. Bowersox explained that sometimes "property manager" certifications are offered, but they currently have nothing on a state-specific level.

Mr. Rhoad wanted to discuss the last committee meeting. Col. Wilson mentioned that the only concern he has about the professional surveyor license is how it relates to big contracting projects. He is concerned that if Indiana did not license professional surveyors, then Indiana workers would not be able to bid on big, federal projects that may come to the area. Mr. Rhoad asked Mr. Reed if the CPA profession also has an internship/apprenticeship requirement. Mr. Reed responded that yes, there is a two year internship requirement. Col Wilson is concerned in general about internship requirements being a barrier to entry and possibly arbitrary in some industries. In regards to the professional surveyor industry, Mr. Rhoad would support an appeal of the internship requirement for licensure. He believes that with new technology, internships may not be necessary. Mr. Pope asked if an examination was a requirement for licensure in this profession. Mr. Rhoad responded that there is a 16-hour examination required for licensure in addition to four years of education. He elaborated that a four-year internship in addition to all of that seems excessive; professionals should more than demonstrate their competency through their education and exam. Col. Wilson mentioned that he sees some of these internship requirements as a way for companies to get cheap labor from aspiring licensees, however, he acknowledged that he does not know the demand that is out there for this profession. Mr. Pope added that professional surveying is a very specialized area.

Mr. Rhoad made the suggestion to the committee to eliminate the apprenticeship for professional surveyors and extend the renewal period for licensure to five years. Col Wilson mentioned that the committee shouldn't be mandating continuing education, and determining the appropriate amount of continuing education should really be up to the professional organizations. As a committee, he believes that we can make recommendations for continuing education, but the professional organizations are really the experts.

Mr. Rhoad proposed a motion to remove the apprenticeship requirement altogether for professional surveyors and explore moving the continuing education requirements to a more competency-based program that mirrors what the CPA profession is currently utilizing; he also

proposes to extend the renewal period for licensure to four years. Ms. Quandt made the motion, Col. Wilson seconded. The motion carries.

Mr. Rhoad also wanted to discuss the professional engineering internship requirements. Col. Wilson doesn't believe that the four-year internship requirement is excessive. He believes that engineering, like law and accounting, can be very complex with multiple specialties, and that internships may be necessary to help immerse the professional in that aspect of the field.

Ms. Quandt proposed that the committee allow a presentation from Dr. Noonan from IUPUI who has done a study on barriers to entry in regards to entrepreneurship and how it relates to reduced poverty rates and narrowing the wage gap. Mr. Rhoad agreed and suggested that Ms. Quandt reach out to Dr. Noonan to set up a presentation at the next committee meeting.

Mr. Rhoad proposed a motion for the committee to thoroughly review the fee structures for all licensed professions as well as all internship requirements. The committee should determine if the both the fees and internship requirements are appropriate to the profession. Ms. Quandt made the motion to investigate these aspects for all licenses, and Col. Wilson seconded. Motion carries.

Col. Wilson also wants to discuss the landscape architect profession again. He explained that landscape architects are almost always working under the supervision of another licensed profession such as an engineer or architect, and he believes that this profession would be a great candidate for self-certification without state involvement. Ms. Quandt thinks that the committee should hear more information about a potential self-certification program before making a decision.

An audience member spoke up and mentioned that Indiana has the fewest amount of requirements for professional surveyors. They explained that most other states require a four-year degree in addition to the examination and internship requirements, while Indiana only requires a two-year degree. The audience member is concerned that without the internship/mentorship aspect, newly graduated and licensed professionals might cause a world of trouble if they try to operate on their own without some kind of timeframe to ease into the profession.

### **Adjournment**

Chairman Rhoad proposed a motion to adjourn the meeting at 3:18 PM, and Col. Wilson seconded the motion. The motion carried without objection, and the meeting adjourned at 3:18 PM.

**NEXT SCHEDULED MEETING  
FOR THE JOB CREATION COMMITTEE  
March 19, 2015  
Indiana Government Center-South  
402 West Washington Street, Room W064  
Indianapolis, IN 46204**