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# **Sunset Review: Evaluation of the State Board of Master Electricians**

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**Presentation to the  
House Economic Matters Committee**

**Department of Legislative Services  
Office of Policy Analysis  
Annapolis, Maryland**

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# Sunset Evaluation – Process

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- Evaluation of the State Board of Master Electricians conducted during 2010 interim
  - the last full evaluation of the board was conducted in 2001
  - without legislative action, the board will terminate on July 1, 2013
- Research activities included:
  - interviewing board members and staff
  - interviewing licensees and representatives of union and nonunion industry groups
  - attending multiple board meetings and reading minutes of past board meetings
  - analyzing license, financial, and complaint data
  - surveying local governments

# Greater Demand for Electricians

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- 15,510 Maryland electricians in May 2009
- Highest concentration in United States with 6.195 electricians per thousand workers
- As technology changes, the need for electricians increases
- The national demand for electrical workers will rise to more than 777,900 by 2018, 83,000 more than in 2008

# Regulation in the United States

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- 75% of states have a state board, like Maryland
- But Maryland is different from most states in many other aspects:
  - only 23% of states combine statewide and local licensing
  - 78% of states license below the master electrician level
  - 67% of states require continuing education for licensees

# Regulation in Maryland

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- Electricians are regulated by the State, most counties, and a few municipalities
- State Board of Master Electricians:
  - issues only a master electrician's license
  - State license enables master electricians to obtain local licenses where one exists but not to perform electrical work
  - local boards
    - are required to follow State guidelines for licensing
    - are entrusted to do most of the regulating

# State Board of Master Electricians

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- The board has limited duties and shares four staff members with other boards
  - a deputy commissioner and an assistant commissioner
  - a part-time administrative assistant and a part-time assistant Attorney General
  - lost its executive director position in 2009
- The board consists of nine members
  - six represent the industry
  - three represent consumer interests
  - each industry member must represent a specified geographic region

# 2009 Estimated Geographic Distribution by Region

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Region	Population <sup>1</sup>
1. Baltimore City <sup>2</sup>	637,418
2. Caroline, Dorchester, Kent, Queen Anne's, Somerset, Talbot, Wicomico, and Worcester counties	339,180
3. Baltimore, Cecil, and Harford counties	1,133,124
4. Anne Arundel, Calvert, Charles, and St. Mary's counties	855,646
5. Montgomery and Prince George's counties	1,806,160
6. Allegany, Carroll, Frederick, Garrett, Howard, and Washington counties	927,950

<sup>1</sup>Estimates as of March 2010 from U.S. Census Bureau

<sup>2</sup>Baltimore City estimates as of June 2010 from U.S. Census Bureau

# State Master Electrician Licensing Requirements

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- Passage of an exam
- Seven years of experience
- Three years of formal education and training may count toward the experience requirement
- No State continuing education requirement



# Categories of Master Electrician

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- Active
- Inactive
  - may continue to work under the supervision of a master electrician
- Qualified Agent
  - assigns license to a company
  - the qualified agent assumes responsibility for all work
  - no limit on the number of electricians who may work under the qualified agent

# Number of Licensees 2009-2010

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<u>Category</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>October 2010</u>
Active Master License	1,360	1,388	1,396
Inactive Master License	913	996	1,004
Qualified Agent (Assignment to Company)	2,670	2,704	2,711
<b>Total</b>	<b>4,943</b>	<b>5,088</b>	<b>5,111</b>

# Fiscal History

## Fiscal 2007-Projected 2011

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	<u>FY2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY2010</u>	<u>Projected FY 2011</u>
<b>Total Revenues</b>	<b>\$122,139</b>	<b>\$161,915</b>	<b>\$123,406</b>	<b>\$111,125</b>	<b>\$125,000</b>
<b>Total Costs</b>	<b>\$105,488</b>	<b>\$110,472</b>	<b>\$121,470</b>	<b>113,345</b>	<b>N/A</b>
Direct Costs	65,599	72,937	85,187	98,361	100,198
O&P Allocation	30,773	27,783	25,820	N/A	N/A
Legal Costs	N/A	N/A	N/A	5,011	N/A
DLLR Indirect	9,116	9,752	10,463	9,973	N/A
<b>Surplus/(Gap)</b>	<b>16,651</b>	<b>51,443</b>	<b>1,936</b>	<b>(2,210)</b>	<b>N/A</b>

# Local Licensing in Maryland

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- State law allows licensing by counties and municipalities
- A local license is not required in Allegany and Garrett counties
- All counties that require a local license also maintain a board
- The cities of Gaithersburg, Annapolis, Frederick, and Rockville issue local licenses

# Licensing Varies by County

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Variations include:

- the types of licenses that counties issue
- the types of work that licenses authorize
- the requirements for obtaining licenses
- the fees required to obtain a license

# Continuing Education Is Required Only in Some Jurisdictions

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<u>County</u>	<u>Hours Required</u>	<u>Applicable Years</u>	<u>Online Courses Allowed</u>	<u>Out-of-county Courses Allowed</u>	<u>Out-of-state Courses Allowed</u>
Caroline	10	2	X	X	X
Cecil	5	1	X	X	X
Dorchester	5	2	X	X	X
Harford	10	2		X	X
Prince George's	10	2	X	X	X
Queen Anne's	10	2	X	X	X
Wicomico	10	2	X	X	X

# Required State and Local Information Sharing Could Improve

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- Chapter 163 of 2002 established reporting requirements for the board and local jurisdictions:
  - a county or municipal corporation that requires a local license must report a disciplinary action against a licensee to the State board within 30 days of commencing the action
  - upon receipt of notice of a disciplinary action against a licensee, the State board must provide notice of the disciplinary action to each local licensing jurisdiction
  - by December 1 of each year, each local licensing jurisdiction must submit to the State board the number of complaints against master electricians who are licensed in the local jurisdiction
- Only six jurisdictions reported total compliance with Chapter 163
  - just nine jurisdictions reported receiving enforcement information from the board
  - 13 counties reported sending some or all enforcement information to the State board

# State Plays a Minor Role in Enforcement

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	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010*</u>
Written Complaints Received	24	32	26	9	12
Complaints Referred to Local Jurisdictions	22	30	26	9	9

\*2010 numbers are from July 2009 through October 2010 rather than for fiscal 2010.



# Most Enforcement Occurs through Local Permits and Inspections

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- Local jurisdictions are required to enforce licensing requirements
- Policing occurs through locally issued permits and inspections

# Local Enforcement Varies

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- Several small jurisdictions had no enforcement actions in calendar 2008 and 2009
- Baltimore County had 31 formal enforcement actions for 3,934 licensees
- Montgomery County had 0 enforcement actions for 6,459 licensees

# Licensing Fees Generate Significant Revenues for Local Governments

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- Fiscal 2010 revenues vary across the State
- Licensing revenue in St. Mary's County is the lowest at \$7,300
- Licensing revenue in Montgomery County is the highest at \$265,889
- Revenue from county licensing fees more than cover the expenditures associated with licensing

# Revenue and Expenditures for Select Licensing Boards – Fiscal 2010

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<u>County</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Difference</u>
Baltimore	\$168,162	\$16,590	\$151,572
Charles	74,403	40,250	34,153
Dorchester	11,250	1,290	9,960
Frederick	57,000	0	57,000
Harford	39,435	720	38,715
Howard	121,225	0	121,225
Kent	7,410	1,060	6,350
Montgomery	265,889	22,785	243,104
Prince George's	148,000	487	147,512
Washington	12,000	0	12,000
Wicomico	26,205	0	26,205
Worcester	33,100	2,800	30,300

Source: Department of Legislative Services' Survey of Local Government Officials

# Conclusions About Regulatory Structure

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- County licensing results in inconsistent laws
- Enforcement is also inconsistent
- Fees to work in multiple counties are a tax on the industry
- Contractors and consumers are hurt by multiple fees and inconsistent rules

# Recommendations

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Department of Legislative Services has alternate sets of recommendations, and alternate pieces of implementing legislation the committee may choose to consider:

- create a new board with sole licensing authority
- or
- maintain the current structure with changes in responsibility and authority

# Create a New Board

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- **Recommendation 1 (pg. 22): The Board of Master Electricians should be allowed to terminate and should be replaced by a new State Board of Electricians established in statute.**
  - The new board should have statewide regulatory authority that reflects current industry standards and an effective date of July 1, 2013, to coincide with the termination of the existing board.
  - Records and staffing should be transferred to the new board as appropriate.
  - The newly created board should carry a termination date of July 1, 2021, and be subject to the Maryland Program Evaluation Act.

# New Regulatory Structure

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- **Recommendation 2 (pp. 22 and 23):** The new State Board of Electricians should have authority over multiple licensing levels, in accordance with findings made by a diverse stakeholder workgroup to be convened by the Department of Labor, Licensing, and Regulation's Division of Occupational and Professional Licensing.
- **The workgroup should:**
  - consider the types of licenses to be regulated by the board, including master, master inactive, qualified agent, journeyman, restricted, limited, apprentice, and other licenses;
  - propose continuing education requirements for renewal of licensure;



# Recommendation 2 (Cont.)

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- **consider appropriate membership for the board;**
- **consider whether to limit the number of employees that may work under any qualified agent or successor license;**
- **recommend how to preempt the right of a county or municipality to maintain local boards and to license electricians, including a process for eliminating local boards and licensing systems;**
- **consider how to grandfather certain local licenses for a limited period after the establishment of the new State board until State licensing can be fully implemented;**
- **report to the Senate Education, Health, and Environmental Affairs Committee and the House Economic Matters Committee on the above items by October 1, 2012; and**
- **provide draft legislation with uncodified language implementing the recommendations of the workgroup and facilitating preparations for the new State Board of Electricians to the committees on the above items by October 1, 2012.**

# Special Funding Could Help a New Board

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- The current board relies exclusively on shared staff to meet its limited responsibilities
- The board lost its executive director position in 2009, and an expanded mission would require additional support
- Special funding can benefit boards by facilitating adequate staffing and a strong information technology agenda
- The Board of Public Accountancy is an example
- Board supports special funding

# Special Funding

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- **Recommendation 3 (pg. 23): The Division of Occupational and Professional Licensing should seek special funding authority for the new State Board of Electricians so that it can maintain more control over its enhanced regulatory activities.**
  - **If special funding is not feasible, the new board should seek fee-setting authority to more adequately recoup funding for its operations. The division should also study methods of tying the cost of licensing fees to the cost of regulating electricians.**

# Alternative Recommendations

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- **Recommendation 4 (pg. 24):** If the General Assembly rejects Recommendations 1-3, it should extend the termination date for the State Board of Master Electricians to July 1, 2023.
  - Additionally, uncodified language should be adopted requiring the board to report to the appropriate standing committees of the General Assembly on or before October 1, 2012, on the implementation of the recommendations contained in this sunset evaluation report as adopted by the committees.
- **Recommendation 5 (pg. 24):** The State Board of Master Electricians should enforce the current reporting requirements established in Chapter 163 of 2002.

# Alternative Recommendations (Cont.)

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- **Recommendation 6 (pp. 24 and 25):** The General Assembly should adopt legislation to require master electricians to participate in continuing education as a requirement for licensure renewal. The State Board of Master Electricians should adopt regulations that establish guidelines for continuing education requirements. The board should seek input from interested parties in determining the requirements for continuing education.
- **Recommendation 7 (pg. 25):** The Division of Occupational and Professional Licensing should consider appropriate membership for the board, including whether it remains feasible to have three consumer member positions. The division should report its findings to the Senate Education, Health, and Environmental Affairs Committee and House Economic Matters Committee by October 1, 2012.