

Report of the Department of Labor, Licensing and Regulation
(DLLR)

and

The State Boards of Architects, Certified Interior Designers,
Professional Engineers, Professional Land Surveyors and
Examiners of Landscape Architects
(Design Boards)

**Implementation of the Special Fund of the Occupational
and Professional Licensing Design Boards
Pursuant to Chapter 227 of the Acts of 2003**

October 2009

INTRODUCTION

Pursuant to the provisions of Chapter 227 of the Acts of 2003, and on behalf of the Department of Labor, Licensing and Regulation and the Design Boards we are pleased to report to the:

- Senate Committee on Budget and Taxation,
- Senate Committee on Education, Health and Environmental Affairs,
- House Committee on Appropriations, and
- House Committee on Economic Matters;

regarding the implementation of the Occupational and Professional Licensing Design Boards' Special Fund established under the Act. Our first report was submitted on October 1, 2004 and has been filed annually since that time. This report covers the Fund through its fifth year of operation. Chapter 227 (2003) established the fund for a five year period ending June 30, 2008. During the 2008 Session of the General Assembly, Chapter 273 was enacted extending the operation of the fund for an additional five year period.

Attachment I presents an aggregate revenue, expenditure and fund balance summary, covering the six years that the fund has been in operation. Attachment II presents an FY 2009 revenue versus cost summary by Board. Attachment III provides individual Board and aggregate detail of FY 2009 expenditures charged against the Fund. It includes both direct and indirect costs, consistent with the requirements of Business Regulation Article Section 2-106.2(a) (I).

FUND BALANCE

Through the first six years of operations, the Fund balance stands at \$679,991 as detailed in the attachments. This report adjusts the FY 2008 total for the year to a deficit of (\$21,934). The total deficit for that year had been previously reported as (\$4,373). As has been noted in previous reports, the bulk of the Fund balance was generated during the first two years of the life of the Fund.

REVENUES

The license fees for individual practitioners of the five professions were reduced from \$78 to \$68 in the spring of 2007 by the Boards in recognition of the growth of the accumulated surplus. FY 2009 was the second full year of operation under the reduced fees. However, the projected decline has been offset by a continued increase in both individual licensees and permit holding businesses newly registered in the design professions. Revenues for FY 2009 were \$1,274,104, the highest of any year since the Fund's inception.

ELECTRONIC APPLICATIONS

The first phase of the E-Application initiative was completed during FY 2008 at a cost below original estimates as previously reported. The delayed availability of programming resources to the Division of Occupational Licensing in FY 2008 reported last year, continued into FY 2009 further deferring subsequent phases and related expenditures. These resources are now in place for the project, with three phases now scheduled for completion in the December 2009-June 2010 time frame.

IDENTIFIED FUND CHARGES/COMMITMENTS

The Design Board Chairs continue to review the fund balance and will be considering recommendations to the five Boards at their December 2009 meeting to reduce the one time application fee charged by the Boards to examination applicants as well as reduce the \$68 original license/ renewal fee. The application fee reduction would be designed to partially mitigate the impact on applicants of the growth in national exam fees that are outside the Boards' control. The license fee reduction would be made in consideration of the fund balance and that it is the correct decision to return a portion of the balance to the licensee in the absence of the ability to reasonably spend the funds.

ADDITIONAL DISCUSSION

The Boards wish to reiterate the concern expressed in the 2008 report that the constraints placed on the expenditure of funds in pursuit of cost containment and restraint in the growth of overall government spending are unreasonably affecting the ability of the Design Board cluster to offer enhanced services to both consumers and licensees. The design boards, in their capacity as regulators play an important public safety role in assuring that design professionals have the core qualifications to practice and that they adhere to pertinent statutory, regulatory and ethical requirements. The Boards continue to believe that it is incumbent on both the executive and legislative branches to find a way to accommodate programs such as these that can both justify and pay for a reasonable growth in program activity in pursuit of more effective regulation.

ATTACHMENT I**FY 2004 to FY 2009 Design Boards 'Special Fund Summary**

Fiscal Year	Revenues	Expenditures	GRAND TOTAL SURPLUS/(DEFICIT)
04	\$1,151,147	\$895,761	\$255,386
05	\$1,160,167	\$825,608	\$334,559
06	\$1,158,967	\$1,108,447	\$50,520
07	\$1,152,133	\$1,108,234	\$43,899
08	\$1,131,078	\$1,153,012	(\$21,934)
09	\$1,274,104	\$1,256,543	\$17,561
FY 04 - FY 09 GRAND TOTALS	\$7,027,596	\$6,347,605	\$679,991

FY ' 2009 Actual Revenues Versus Actual Expenditures For Design Board Covering The Period 07/01/08 - 6/30/09

Design Boards Grand Total Summary

ATTACHMENT II

Design Boards	FY '09 Actual Revenues	FY '09 Expenditures (LICENSING)	GRAND TOTAL SURPLUS/(DEFICIT)
ARCHITECTS	\$277,075	\$291,048	(\$13,973)
LAND SURVEYORS	\$51,281	\$125,617	(\$74,336)
PROFESSIONAL ENGINEERS	\$868,949	\$694,131	\$174,818
LANDSCAPE ARCHITECTS	\$62,949	\$103,028	(\$40,079)
INTERIOR DESIGN	\$13,850	\$42,719	(\$28,869)
TOTALS	\$1,274,104	\$1,256,543	\$17,561

**FY '09 Summary of Actual Expenditures for the Design Boards
Covering The Period 07/01/08 - 6/30/09**

ACCOUNTS	ARCHITECTS	LAND SURVEYORS	PROFESSIONAL ENGINEERS	LANDSCAPE ARCHITECTS	INTERIOR DESIGN	GRAND TOTALS
Personnel Costs	\$125,911	\$37,804	\$240,351	\$25,203	\$15,751	\$445,020
Tech & Spec. Fees	\$7,825	\$4,695	\$85,109	\$3,130	\$1,957	\$102,716
Postage/Telephone etc.	\$2,702	\$1,396	\$13,427	\$1,039	\$386	\$18,950
Travel	\$217	\$1,849	\$9,232	\$641	\$89	\$12,028
Motor Vehicle	\$1,109	\$111	\$508	\$74	\$47	\$1,849
Contractual	\$47,437	\$19,213	\$153,084	\$39,858	\$8,003	\$267,595
Equipment, Supplies, & Materials	\$2,741	\$2,163	\$14,496	\$2,124	\$1,975	\$23,499
Fixed Charges (Dues, Rent, Ins.)	\$10,359	\$6,750	\$6,731	\$7,729	\$0	\$31,569
Legal Services (Salaries & Benefits)	\$71,013	\$44,731	\$118,338	\$18,627	\$11,925	\$264,634
DLLR - Indirect	\$21,734	\$6,905	\$52,855	\$4,603	\$2,586	\$88,683
GRAND TOTAL	\$291,048	\$125,617	\$694,131	\$103,028	\$42,719	\$1,256,543