

Maryland's Regulatory Reform Commission
September 28, 2017 3:00 p.m.
100 Community Place, Crownsville, MD 21032

Commissioners in Attendance

Abba David Poliakoff (Chair), *Member, Gordon Feinblatt LLC*

Boyd Rutherford, Lt. Governor (*ex officio*)

Joseph G. Baldwin, *President/CEO, Reliable Contracting*

James T. Brady, *Managing Director, Mid-Atlantic of Ballantrae International Ltd.*

Susan J. "Suzy" Ganz, *CEO, Lion Brothers Company, Inc.*

Jennifer Rhodes, *Extension Educator, Agriculture and Natural Resources, University of Maryland Extension*

Jay Steinmetz, *CEO, Barcoding Inc.*

Bill Grant, Esq., *Former CEO, First United Bank & Trust (participated via phone)*

Welcome

The Regulatory Reform Commission convened at 3:00 p.m. on September 28, 2017.

The Lieutenant Governor opened the regulatory reform commission by reminding the commission that Governor Hogan started the Regulatory Reform Commission through an executive order with the purpose of repealing, updating, and amending regulations while safeguarding protections that are important to health, safety and environment. The focus of this round of regulatory reform was to collect input and comments from Maryland industries, improve business retention and remove burdensome regulations in the State of Maryland.

Abba David Poliakoff thanked the Governor, Lt. Governor, and state agencies for making it easier to conduct business in Maryland.

Office of Transformation & Renewal – Heidi Dudderar

Discussed the mission and purpose of the Office of Transformation & Renewal, which opened in June 2016.

- Mission: make government more efficient, effective, and customer friendly.
 - Procurement: streamline government process for vendors/suppliers.
 - Introduction to Robert Gleason – hired to review procurement processes, e-Maryland Marketplace, procurement training.
 - Shared Administrative services: sharing HR functions, back office functions.
 - Review of State space (DGS): reviewing state-leased office space and opportunities for consolidation.
 - For example, automating MVA forms and applications have shortened lines and opened space for the Department of Natural Resources or Department of Health to potentially collocate.
 - Goal to make physical one-stop shop for customers.
 - Mapping current processes to eliminate redundancies.

- Heavy focus on moving from paper-process to electronic process.

James Brady asked whether we are looking to make IT more contemporary.

Absolutely, we are reviewing in-house system data storage to bring our data integration into the 21st century. In one instance, the State received \$200 million in federal funding for MD THINK to build a data repository, which will allow multiple agencies to access the same information. Estimated completion in four years.

Abba David Poliakoff asked whether integration of business permits and applications are part of the review.

Absolutely, but no official timeline on rollout.

Customer Service Workgroup – Gregory Derwart, Mike Morello, Randall Nixon

On June 9 2016, Governor Hogan launched the Customer Service Promise. The key components include: prominently showcasing the Customer Service Promise in state buildings and websites, directing each state agency to develop a Customer Service Plan (by October 2016), identifying a senior point of contact within each agency, and identifying opportunities to recognize state employees for exemplar service (Governor’s Customer Service Heroes Award – since March 2017).

Examples of agency accomplishments include:

- State Department of Taxation and Assessments – previously, most charter filings were completed by mail or in-person. Now, half of the filings are completed online.
- Maryland Department of Transportation – creation of the One Stop Shop where customers can conduct multiple business transactions online at a single website.
- MD THINK – focuses on sharing information between state departments.

Customer Service Training

- Every state employee has undergone customer service training.
- The Board of Public Works approved a Customer Service Training contract for state employees that will also allow Maryland counties and municipalities to take advantage of the master contract. Shared training is important to achieve economies of scale.

James Brady asked whether employees have been receptive.

There was resistance in the beginning but there has been gradual improvement.

James Brady stated that the most important hurdle has been to change employee mindsets that we even actually have customers.

Changing end-user to “customer” has created a new level of consciousness and positive outcomes.

Leadership starts at the top.

The Lt. Governor stated that he emphasized at the Board of Public Works his hesitation/necessity to pay for customer service training but has noticed improvement.

Customer Service Survey Results – All Agencies

- Q1. Overall, how satisfied are you with the customer service provided?
 - 80.9% Very Satisfied/Somewhat Satisfied (10,913)
- Q2. Please rate our customer service on the following attributes:
 - Friendly & Courteous

- Timely Responsive
- Accurate & Consistent
- Accessible & Convenient
- Truthful & Transparent

Jim Brady stated that we should grade agencies based on the difficulty of the subject-matter, such as transportation and human services. Sometimes, the government cannot solve a problem.

Jay Steinmetz stated that there are benchmarks for agencies.

Abba David Poliakoff asked whether the Office of the Business Ombudsman's role has become easier due to an improved business climate.

No. We have to continue to find the bottlenecks and move away from being a case-worker. We need to collect data, analyze, before we are able to solve problems. Moreover, we want to create jobs, and assist customers' businesses to flourish. Even if people begin to perceive that the cost of business has gone down, then people will start more businesses in Maryland.

Environment & Land Use Workgroup – Secretary Ben Grumbles, Jeffrey Fretwell, Christine Conn

For regulations within the Maryland Department of the Environment, the Maryland Department of Natural Resources, the Maryland Department of Agriculture, the Maryland Department of Transportation and the Maryland Department of Planning, there are four priorities:

1. VEIP – focus on driver-friendly improvements, such as self-service kiosks. Governor Hogan extended the initial VEIP inspection from two to three years and exempted all pre-1996 model year light duty vehicles from VEIP inspections. This is cost friendly and makes technological sense – without making any environmental sacrifices.
2. Nutrient Trading – establish a trading and offset program to provide greater flexibility and reduce the cost of achieving the total maximum daily loads established by the UPA, which is critical to meeting Chesapeake Bay water quality requirements.
3. Agricultural Education
4. Agritourism – establishing a state wide definition for local zoning and planning codes.

In addition, MDE and DNR are continuing to review and evaluate other regulations to repeal/reform.

Progress since last year's report and improved efficiencies:

- e-Collaboration between MDE, DNR, MDOT, US Army Corp of Engineers, and the EPA – pilot project will migrate the permit application and review process to a web-based system. This will reduce redundant reviews and speed up the approval process.
The Lt. Governor suggested looking at how many hands touch the application.
- Streamlining Broadband Permitting – reforming the permitting process to expedite the installation of broadband fiber to rural Maryland.
- Critical Area Project Review Reform – new guidelines to streamline reviews and provide flexible mitigation options to local/state governments.
- MDA passed nutrient management regulations to help farmers with manure handling during winter months.
- Maintaining vigilance from 2016 reforms – MDE is very proud of BAT septic reform – reforms were incremental and made sense. State should not go back to regulating across the entire board.

James Brady stated that the poultry industry is very important and asked how the workgroup would characterize the relationship between poultry and MDE.

The relationship is good. Sometimes, there is local opposition but MDE has an agricultural ombudsman to assist work with permit writers.

Financial Services Workgroup – Catherine Grason, Tyler Hoblitzell

The Maryland Insurance Administration is offering the following recommendations for regulatory reform:

- 27 submissions for consideration.
- Streamline businesses by conforming MIA regulations to NAIC models. This will make it easier for insurer to follow consistent rules across states.
- Update antiquated practices by removing outdated regulations.
- Clarify language or expectations to more precisely describe expectations for compliance.

Evaluation of industry comments/concerns:

- Industry meetings throughout the state (public meeting in Easton and Frederick, industry meeting at MIA, upcoming meeting in December 2017).
- New constituent mailbox – generally respond within 24 hours.
- New information continually posted to website, social media, email blasts.
- Implemented new process to pre-publish most regulations on the website for a 30 day comment period before publishing in the Maryland Register.

Customer Service Initiatives

- All employees have completed training.
- Customer Service Promise added throughout the office.
- Added a “contact us” link to the front page of the website to provide frequently called numbers.
- Simplified the phone system to direct calls more accurately to the correct department.

James Brady asked about the most inquired issues.

Health insurance rates for ACA, long-term care insurance, homeowner’s insurance, the National Association of Insurance Commissioners. MIA wants to simplify insurance policies and state in layman’s terms.

Jay Steinmetz stated that we need to benchmark workers’ compensation against our neighboring states because we are not currently competitive. Maryland spends \$90 million more on workers’ compensation than Virginia despite having fewer submissions, and recommends meeting with the legislature to be more competitive.

MIA can only speak to the rates.

Health Care Workgroup – Webster Ye

Agency Overview

- Renamed from “Maryland Department of Health and Mental Hygiene” to “Maryland Department of Health” in July 2017.
- MDH controls nearly a third of the state budget with 7,000 employees.

- MDH has four major administrations:
 1. Developmental Disabilities
 2. Behavioral Health
 3. Public Health Services – Local Health Departments
 4. Health Care Financing - Medicaid
- 28 Boards and Commissions
- 3 primary goals (Secretary Dennis Schrader)
 1. Opioid Crisis – State of Emergency by Governor Hogan using an emergency management structure.
 2. Renew Medicare Contract (\$2.5 billion dollar impact to the state) – new contract may save \$300 million/year.
 3. Shared services instead of Siloed pipeline – basic IT, human services, procurement reform.

Customer Service

- 99% of employees have completed customer service training with refresher training upcoming.
- In January 2017, MDH had 1500 unanswered constituent mail. That number has been reduced to current total of 80.

Regulations

- 5,500 pages of regulations (673 Chapters)
- 268 regulations recommended to be amended or repealed – submitted for consideration.

Abba David Poliakoff asked about the extent that MDH and DLLR could combine or streamline their licensing.

With respect to professional licenses, the short-term focus is to seek synergies between the 23 health occupation boards and modernize their system from paper to electronic. In the long term, MDH will likely have to collaborate with DLLR while protecting patient health information.

Lt. Governor asked whether there has been any discussion with the boards about overly restrictive regulations that limit personnel in their respective fields and restrict the labor force.

Secretary Schrader is accountable for health occupational boards, but does not have control. Secretary Schrader is meeting monthly with the executive directors to enable the business processes to work better and ask for priorities. It's an ongoing dialogue built upon trust.

Occupational & Business Licensing Workgroup – Maria Iannatuono

- DLLR generally don't license health occupations and defers to MDH.
- Workgroup received 150 comments.
 - Comments were generally about burdens of licensing.
 - Most requests to delete categories that don't affect health would require legislation.
 - Engineers asked for reduced requirements. Fortunately, the hour requirement is in regulation for professional engineers and landscape architects – regulations pending.

- Streamlining licensing requirements – we cannot reduce requirements but we can provide legislative proposals.
- Proposal to streamline fundamentals of engineering – it is a national exam.
- Several comments related to increased efficiencies for boards.
 - Converted 3 boards to special fund boards, which allows funding for staffing and enforcement that is tailored for licensees.
- SDAT started online form filing – this customer service policy to better help commenters.
- Many requests concerned statutory fee reductions, such as the SDAT \$300 filing fee for personal property tax returns.

The Lt. Governor asked whether the workgroup have looked into collateral consequences. For example, within the mortician industry, one cannot get involved if one has a felony or misdemeanor. The statute was recently changed so that it could be considered but the board that would promulgate the regulation had not yet changed the stringent regulation.

Advisory Council on the Impact of Regulations on Small Business – Malachy Rice

The Advisory Council was a recommendation of the Augustine Commission, and established in 2015 by legislation. The Advisory Council’s primary goal is to review all proposed non-emergency regulations, and determine whether the regulation would have an adverse effect on small businesses.

Primary Recommendations (at no or low cost)

- Post regulatory changes at least 15 days prior to submission to AELR.
 - Changes are made on the front end.
 - Gathers input from small businesses earlier in the regulatory process and minimizes impact on small business.
- Adopt economic impact analysis guidelines.
- Enter into agreement with the University of Baltimore’s Schaefer Center to provide training to State employees on estimating the economic impact of proposed regulations.
- Require agencies to provide a compliance guide to assist small businesses with complying with new regulations.
 - When the State has to implement a new regulation, a compliance guide will help businesses navigate new processes.
 - Lt. Governor liked the recommendation for a compliance guide.
- Require the Office of Legislative Audits to conduct a sample review of economic impact analyses as part of the State’s compliance auditing process.
 - Legislative branch would need additional staff to make sure we don’t have regulations that clog the system.

Secondary Recommendations

- Review barriers in State government for agencies to collect, access, and share data that can be used for estimating economic impact.
 - Maryland collects a lot of information but does not always do a good job analyzing data. The problem is partly due to information technology and partly due to the law.
- Increase the amount of time AELR has to review regulations from 15 to 30 days.
- Provide potential relief from regulatory fines and penalties for small businesses.
 - Jay Steinmetz stated that some fines are mandated by federal statute.

- Study the possibility, including costs, of requiring agencies to allow for the electronic submission of all forms, reports, payments, and documents required by regulation.
- Allow agencies to exempt small businesses from a regulation in a local jurisdiction that has a comparable regulation.
 - Abba David Poliakoff suggested delegating the enforcement of regulations to local authorities.
Businesses want fair and universal enforcement. The question is whether one county will enforce the same as a neighboring county.
- Revise State law government economic impact analyses to eliminate.

Comments

Meeting Adjourned at 5:28 p.m.