



To: NCHBA Members

From: Alan Banks, 2018 NCHBA President; Evans Coghill Homes in Charlotte

Date: February 22, 2018

RE: Legislation to Seek Mandatory Continuing Education for General Contractors

The pace of change in the home building industry is greater than it ever has been. For decades, much of the process and products we used didn't evolve significantly. New products, new methods, housing shortages, increased potential risk and the internet have all converged to make this is a very dynamic and challenging time for the home building industry.

General contractors must invest themselves more than ever in keeping pace with the sea of changes and opportunities to remain competitive. Many of us are trying to do this in our businesses through available training and education. It is hard to do. Each building code update brings pages and pages more of code and even more interpretations. What happens when we don't know important aspects of this on the job? Mistakes are made. Liability and risk increase dramatically. Profitability is reduced. Our homeowners suffer with delays or a less than standard home or remodel.

A statewide standard for a minimum amount of continuing education for general contractors would help you, me, our industry and homeowners. A few hours invested per year by every general contractor in the state would keep our great industry closer to the leading edge of opportunities, method changes, safety and risk mitigation.

Earlier this week, the Board of Directors of the North Carolina Home Builders Association overwhelmingly approved a resolution to seek legislative action in the 2019 Session of the General Assembly to require a minimal amount of continuing education for all general contractors in NC. Personally, I am excited about this.

It is time for the home building industry in NC to commit to a higher level of professionalism. How many of us have been frustrated by a below average, ill-informed competitor who confused and possibly ripped off a homeowner? It is time to raise the bar for everyone and tell our state that we are investing in ourselves for a better tomorrow.

We have prepared and included a fact sheet about this proposal and what happens next. Please take a few moments to read it over and consider the benefit for your business. Although it will be a small investment in time for you, I believe you will agree the return for you and your homeowners will be much greater.

I am honored to serve you as 2018 President of the North Carolina Home Builders Association. I am always available for your questions at president@nchba.org.

NCHBA FACT SHEET REGARDING CONTINUING EDUCATION FOR GENERAL CONTRACTORS

On February 20, 2018, the Board of Directors of the North Carolina Home Builders Association (NCHBA) overwhelmingly adopted a resolution which directs the association to seek the introduction and passage of legislation during the 2019 Session of the NC General Assembly to require continuing education (CE) for general contractors. This fact sheet is designed to answer questions about this initiative and to inform members about anticipated steps to be taken to further this initiative.

1. **Do I have to complete CE for my general contractor license now?** *No, the Board voted to seek legislation requiring mandatory CE which, once finalized, will be introduced next year in the 2019 Session of the General Assembly. Assuming this legislation is enacted, it would not become effective before 2020 at the earliest. It will take at least a year to develop an effective and reasonable CE system and put it in place.*
2. **Why mandatory CE?** *Currently, any continuing education (CE) on the part of a licensed general contractor is voluntary. The resolution contemplates a mandatory requirement applicable to qualifiers of general contractors' licenses. While there are numerous reasons in support of a mandatory requirement, current NCHBA President Alan Banks summarized it well: "The pace of change in terms of building codes, products and risk management has never been faster. For years, building practices largely did not change and most education happened on a job site between an experienced tradesperson and an apprentice. That is no longer a viable or effective way to disseminate information and practices. Our industry must have a consistent way to make sure that significant building code changes, regulatory changes and potential legal pitfalls are shared broadly. A reasonable continuing education requirement for all general contractors creates the pathway for this objective."*
3. **Why is now the time to pursue mandatory CE?** *There are several reasons, among them are:*
 - **Builder opinion of CE has evolved:** *Mandatory CE has been a topic which has been seriously considered on several occasions in the past both by state and local NCHBA leadership. However, legislation was not pursued because the evidence then suggested that mandatory CE was not favored by a majority of our builder members. In 2012, a statistically valid survey of 300 of our builder members showed that CE was narrowly opposed. However, that survey showed support by builders aged 30-59 and opposition by those 60 and older. Since that poll, many of those builders 60 and older are no longer active builders or members. The NCHBA leadership believes that the majority of our builder members now support mandatory CE as was reflected in the overwhelming Board vote to approve the resolution.*
 - **Adoption of New Strategic Plan:** *Last fall at its planning retreat, the 2018 NCHBA Executive Committee (a 23-member body elected by the Board of Directors including 5 senior officers and 10 regional vice presidents) proposed a new 3-year strategic plan for NCHBA which included a specific action item seeking Board approval for legislation requiring mandatory CE. This plan (i.e., "Vision 2020: NCHBA Strategic Plan 2018-2020") was approved by the NCHBA Board of Directors in December of 2017. The resolution adopted on February 20, 2018, was the response to this directive.*
 - **Favorable Political Environment:** *Mandatory continuing education for general contractors will eventually be enacted—whether by our initiative or otherwise. It is already a*

requirement for most of our trade partners. Other industry groups who represent non-residential contractors favor mandatory CE and will seek legislation in the future. The NC Licensing Board for General Contractors, who will regulate mandatory CE and who previously opposed it, are now in favor of it. The current political environment in the General Assembly allows NCHBA greater flexibility to craft legislation more favorable to our members now than what may exist in the future. In other words, we now have the opportunity to play the major role in what is drafted.

4. **Why Board approval?** *NCHBA is a not-for-profit corporation chartered by the State of North Carolina and governed by a board of directors composed of presidents of each of our local HBAs, other state directors who are elected or appointed by the local HBA, members of the NCHBA Executive Committee and NCHBA Past Presidents as set forth in the governing bylaws of the association. Among its several responsibilities, the Board of Directors sets association policy. The directors represent the membership and act on its behalf. The senior officers felt that this resolution should be subject to a full and fair debate and Board approval of this important policy direction.*
5. **What will the CE look like?** *NCHBA will work to accomplish the following:*
 - **Number of CE Hours to be required**—*Your leadership is on record in advocating that any mandatory CE requirements be able to be satisfied in one day.*
 - **Availability of Courses**—*NCHBA already possesses an excellent CE delivery system—its North Carolina Builders Institute (NCBI). A priority will be to make CE courses available locally with the cooperation of the local HBA which will create additional non-dues revenue and non-member recruitment opportunities for local HBAs. NCBI will continue to offer courses in the Spring (in Raleigh) and Fall (in Charlotte) and likely, regionally. In addition, other course providers will certainly enter the marketplace. We will also examine making some courses available on-line.*
 - **Price**—*The marketplace and competition will set the price. Current charges for NCBI courses are \$95 for 4-hour course and \$190 for an 8-hour course. Every effort will be undertaken by NCBI to deliver quality courses at a reasonable cost.*
 - **Administration of CE program**—*The NC Licensing Board for General Contractors will be responsible for administering this program on behalf of its qualifiers. It will also be responsible for reviewing and approving course content and number of credit hours that can be claimed. It will maintain records of courses taken by qualifiers and enforce CE requirements.*
6. **What's next?** *NCHBA staff will meet with the NC Licensing Board for General Contractors and other industry stakeholder groups to begin formulating an effective and reasonable CE program. The NCHBA Senior Officers will provide oversight of this effort. Once legislation is drafted, we will bring it to the Board of Directors for input and approval at its December 4, 2018, 4th Quarter meeting. Once the legislation is in final form, it will be introduced into the 2019 Session of the General Assembly.*
7. **When will CE requirements become effective?** *As noted above, legislation must be enacted in order to require CE and it would not become effective until 2020 at the earliest.*

RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH CAROLINA HOME BUILDERS ASSOCIATION (NCHBA) TO SEEK THE INTRODUCTION AND PASSAGE OF LEGISLATION DURING THE 2019 SESSION OF THE NC GENERAL ASSEMBLY TO REQUIRE CONTINUING EDUCATION FOR GENERAL CONTRACTORS

WHEREAS, for more than 90 years, the practice of general contracting in North Carolina has been regulated by laws enacted by the North Carolina General Assembly; and,

WHEREAS, Article 87 of the General Statutes of North Carolina provides that any person, firm or corporation who for compensation undertakes to bid upon, construct, or manage the construction of any building, highway, public utility, grading or any improvement where the cost is \$30,000 or greater is deemed to be engaged in general contracting and shall be licensed; and,

WHEREAS, the North Carolina Licensing Board for General Contractors (NCLBGC) was created to enforce this licensure requirement and to regulate this profession of persons, firms and corporations engaged in the general contracting in this state to ensure that the public's interests are protected; and,

WHEREAS, general contracting by its very nature is complex and requires specific knowledge and skill which the NCLBGC ensures is possessed by those persons seeking to qualify a license for general contracting by administering an examination which must be successfully completed before licensure of the entity sought to be licensed; and,

WHEREAS, once licensed, there is no further requirement in the law to ensure that those persons who qualify licenses for general contracting remain possessed of critical information about important changes in the building codes, construction techniques, or other relevant topics in order to properly protect the public interest; and,

WHEREAS, many trades and related professions which a general contractor employs in the practice of general contracting are required to complete annual continuing education requirements as a condition of licensure renewal for those trades and professions (e.g., among others: Attorneys, Architects, Electrical Contractors, Engineers, Home Inspectors, Irrigation Contractors, Landscape Architects, Landscape Contractors, Locksmiths, Pest Control personnel, Real Estate Brokers/Salespersons, Surveyors, Well Contractors); and,

WHEREAS, the North Carolina Builders Institute (NCBI) has, for decades, provided excellent instruction to general contractors enabling them to obtain voluntary designations which are recognized by the NCLBGC; the NCBI is well suited to provide continuing education, along with other providers; and the NCLBGC is well suited to regulate and administer continuing education requirements if so authorized.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the NCHBA finds it desirable and in the public interest to seek the introduction and passage of legislation during the 2019 Session of the General Assembly to require continuing education for general contractors and for it to be regulated and administered by the North Carolina Licensing Board for General Contractors.

Adopted this the 20th day of February, 2018, in Greensboro.



ATTEST: _____

Alan Banks, 2018 NCHBA President



Mike Carpenter, NCHBA Ex. Vice President