

ANNUAL REPORT 2021

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MESSAGE FROM THE EXECUTIVE DIRECTOR

For nearly seventy years, MSBOC has served to protect the safety and well-being of Mississippi's citizens and the public through advancement of properly licensed contractors. Many people are surprised to learn that over fifty percent of cities and seventy percent of counties in Mississippi do not regulate construction on the local level. Therefore, state-level regulation of construction is critical. After all, the public deserves reasonable assurance that construction is performed with safety in mind, and by qualified professionals.

Strategic Highlights

MSBOC values the many positive contributions contractors make to the state. While regulatory agencies are often viewed as impediments to growth, MSBOC serves as a model regulatory agency, constantly working to strengthen expertise, improve the quality of the construction industry and its licensees, and establish greater trust and credibility with the public. During the strategic planning process, the agency considers the needs and expectations of contractors and consumers. Efficiency and simplification of the licensing and complaint process continue to be a top priority.

In a business as essential as construction, integrity and dependability are critical.

Financial Highlights

The Mississippi State Board of Contractors receives no general fund appropriations. Instead, the agency supports itself from fees associated with licensure. As a fiscally responsible agency, MSBOC recognizes that all funds, whether special fund or general fund, belong to the taxpayers of the State of Mississippi. However, as a special fund agency, MSBOC is required to operate within the limits of the funds

generated by the licensure process. MSBOC was appropriated \$4,061,101 for fiscal year 2021. This amounts to a fraction of the overall budget for the State of Mississippi. Excess funds, if any, remain with the agency to be used to support agency goals and purposes as provided by statute. This provides incentive to operate as efficiently and effectively as possible.

Operating Highlights

Agency operations continued uninterrupted as the COVID-19 pandemic lasted throughout FY21. MSBOC endured and progressed. Yet, much of what the agency accomplished would not be possible without the efforts from dedicated staff and board members. Looking ahead, the agency is committed to ensuring contractors are qualified to provide construction services and remain in compliance with state laws. MSBOC will continue to work with industry leaders to ensure the Board is meeting the needs of the citizens and the construction industry while continuing to strive for administrative efficiency and cost effectiveness. The agency is dedicated to being both a service and information agency; providing assistance and value to others.

This 2021 Annual Report is submitted in compliance with Miss. Code Ann. §21-101-4. You are invited to contact MSBOC if you have questions or need additional information.



Stephanie Sills Lee
Executive Director

EXECUTIVE SUMMARY

MSBOC was created by the legislature in 1952 to protect the public from irresponsible contractors. The agency is funded solely by fees and penalties associated with licensure. All areas of MSBOC operations are evaluated annually including Licensure, Enforcement, Education/Public Relations, and Disaster Response. Some highlights from each respective area are listed below.

Licensure: The Licensure Division oversees the processing and issuance of new applications, licenses and renewals for Mississippi's 10,000+ commercial and residential contractors. Despite pandemic pressure, license numbers remained steady in FY21. A detailed, 5-year comparison is provided on page 13 of this report.

- Agency operation continued uninterrupted during the COVID-19 pandemic.
- MSBOC staff processed more than 10,000 applications for licensure and renewal in FY21.
- There were 10,492 licensed contractors in Mississippi at the end of FY21; 67.5% held a commercial license and 32.5% held a residential license.
- 52% of contractors licensed by MSBOC are from out of state.
- Staff worked with surrounding states to address reciprocity issues and develop ways to make the licensing process more efficient.
- To increase licensure mobility and portability for applicants, MSBOC completed revision of reciprocity agreements to waive trade exams for applicants who have held a license for one or more years in one of the 11 participating reciprocity states.
- Staff completed rules review in compliance with Miss. Code Ann. §25-43-3.114(2) and submitted changes to the OLRC to approve the proposed revisions.
- All applications and other licensing forms were reviewed and updated to reflect changes enacted pursuant to the Military Family Freedom Act and Universal Recognition of Occupational Licenses Act.

Enforcement: The Enforcement Divisions is the investigative and compliance arm of the agency. This division works to ensure that construction projects throughout the state are conducted in accordance with the contractor licensing laws of Mississippi. Investigators make routine construction site visits, handle complaints and allegations of unlicensed activities, monitor permit offices and partner with various law enforcement agencies to protect the general public. Maintaining a presence throughout the state affords the agency an opportunity to inform contractors and the general public of the licensing laws.

- MSBOC investigators inspected 7,033 sites around the state to ensure contractors working in Mississippi were properly licensed.
- Enforcement staff processed 246 complaints filed against both licensed and unlicensed contractors. 66% of those complaints resulted in civil penalties.
- The agency collected \$652,620 in fines and penalties associated with licensing law violations.

- Staff conducted outreach and communication efforts, including presentations to building officials, code enforcement officials, and industry trade associations concerning licensing laws and updates.

Education and Public Relations: The Education and Public Relations division serves to extend MSBOC services around the state and promote quality construction in Mississippi. Proactive regulation through marketing outreach helps prevent violations and protects the health, safety and welfare of the public.

- Investing in construction education and craft training helps ensure a quality workforce for Mississippi's future. Utilizing funds received from licensure and penalties, MSBOC distributed \$2,300,000 to provide construction education and craft training at various high schools, junior colleges and universities in Mississippi pursuant to statutory mandate.
- The Mississippi Housing Institute received \$66,775 collected from residential renewal fees to support qualified residential building programs and education pursuant to statutory mandate.
- MSBOC utilized various marketing methods aimed at protecting consumers from contractor fraud. The marketing campaigns are an effective tool in keeping the public informed about construction industry regulations.
- The agency utilized press releases, social media, public service announcements and advertisements, when appropriate, to educate consumers about contractors and contractor licensing laws.
- The agency's website was redesigned and improved to include interactive videos, instructions and online services, making it much more user friendly and beneficial for public users.
- MSBOC's newsletter subscription rate increased by 57%, partially due to website improvements.

Disaster Response: The MSBOC Disaster Response Team works to keep citizens from being victimized by unscrupulous contractors following natural disasters and assists contractors with the licensing process. The agency's hands-on response in affected areas aids in protecting the public by deterring fraudulent contractors from perpetrating scams that commonly occur after a disaster while simultaneously assisting consumers and contractors with the rebuilding process. Taking this proactive approach proves to be very beneficial for property owners and reduces the number of complaints against contractors.

- FY21 continued to present higher than average severe weather events. MSBOC dispatched Disaster Response Team members to areas impacted by severe weather, flooding, hurricanes and tornados.
- MSBOC Investigators worked with law enforcement and building officials in impacted areas to address unlawful and/or fraudulent activity.

ABOUT THE MISSISSIPPI STATE BOARD OF CONTRACTORS

Faulty or substandard construction can cause property damage, financial loss, injury and even death. To protect consumers, Mississippi law requires contractors to be licensed and the responsibility for licensing and regulating Mississippi's construction industry belongs to the Mississippi State Board of Contractors.

MSBOC takes great pride in performing duties that ensure the protection of Mississippi residents and consumers. It is a comprehensive agency serving all construction professionals from commercial and residential builders to electrical and mechanical contractors, water and sewer contractors, road builders and roofers. This all-inclusive framework allows the agency to operate at optimal efficiency for contractors as well as the public. It also distinguishes Mississippi from surrounding states that have multiple licensing agencies.

In addition to educating consumers about the benefits of hiring licensed contractors, MSBOC activities include establishing minimum standards for obtaining a license, setting general criteria including financial and insurance requirements, maintaining a searchable database of licensed contractors, developing and administering examinations to test prospective licensees, processing license applications, issuing licenses, investigating complaints against licensed and unlicensed contractors, and taking disciplinary action against contractors who violate standards.



Setting basic standards for all contractors ensures that the industry as a whole has integrity. In a business as essential as construction, integrity and dependability are critical. As a licensing agency, MSBOC helps maintain consistency throughout the industry - giving consumers greater confidence. By establishing common-sense regulations for contractors and providing valuable resources for property owners, contractor licensing builds the reputation of the construction industry as reliable and trustworthy.

Through the Commercial Board and its Residential Subcommittee, MSBOC regulates commercial and residential contractors who bid or perform construction projects with the following thresholds, including materials and labor:

- \$50,000 or more for commercial projects;
- \$5,000 or more for public fire sprinkler work;
- \$10,000 or more for private fire sprinkler work;
- \$10,000 or more for improvements to an existing residence;
- \$50,000 or more for new residential construction

BOARD COMPOSITION

The Mississippi State Board of Contractors is comprised of ten (10) members appointed to staggered terms by the Governor. Two (2) road contractors; two (2) building contractors; two (2) residential builders; one (1) plumbing or heating and air conditioning contractor; one (1) electrical contractor; one (1) water and sewer contractor and one (1) roofing contractor. Each member is required to be a resident of the State of Mississippi and must have been actually engaged in the contracting business for a period of not less than ten (10) years before appointment.

The following are members of the Board:

Tony Carroll, Chairman - Amory, MS - Building Contractor

Hunter L. Fordice, Vice Chairman - Vicksburg, MS - Road Contractor

Thomas H. Kline, Chairman - Fulton, MS - Mechanical Contractor (Plumbing, Heat & Air)

Madison H. Smith - Tupelo, MS - Electrical Contractor

O. L. Sims - Hattiesburg, MS - Water and Sewer Contractor

David Smith - Ridgeland, MS - Residential Contractor

Greg Smith - Gulfport, MS - Residential Contractor

John Laws - Madison, MS - Building Contractor

Tyler Norman, Meridian, MS - Roofing Contractor

*Pending Governor's Appointment - Road Contractor

RESIDENTIAL STANDING COMMITTEE

The Residential Standing Committee is subordinate to the State Board of Contractors. The Standing Committee is composed of two (2) residential builders who serve as members of the State Board of Contractors and three (3) additional residential builders.

The following are members of the Residential Standing Committee:

David Smith, Chairman - Ridgeland, MS

Diane Neyland - Madison, MS

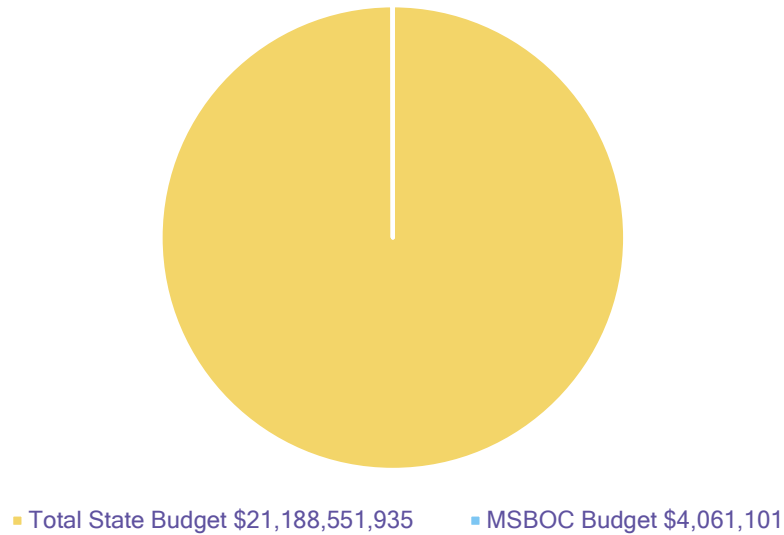
Greg Smith - Gulfport, MS

Kenneth Estes - Saltillo, MS

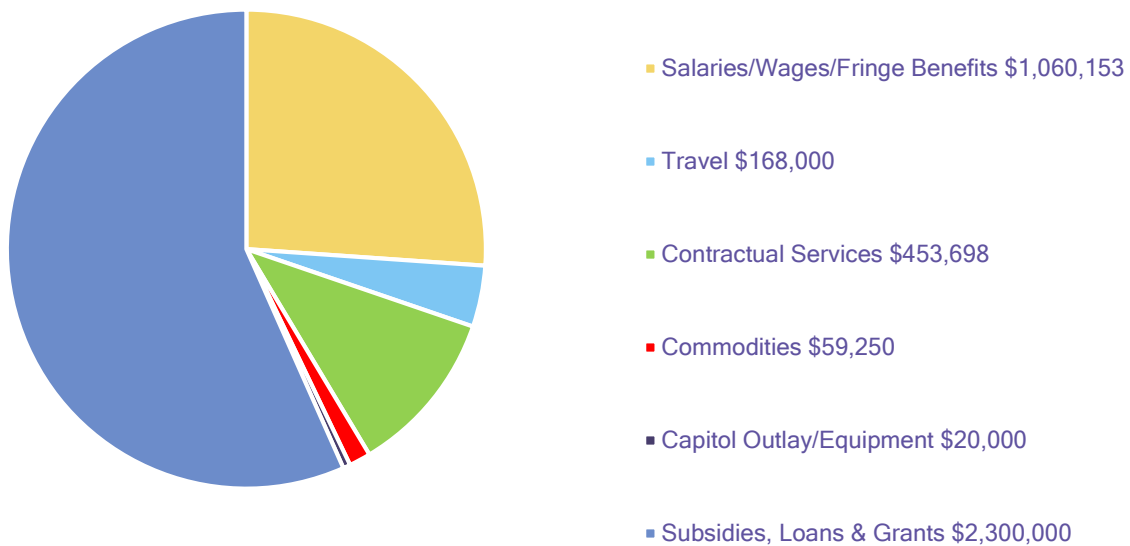
Tim Allred - Meridian, MS

FINANCIAL SUMMARY

FY21 Budget Comparison



FY21 MSBOC Budget \$4,061,101





PROGRAM PERFORMANCE AND EFFICIENCIES

Licensure - provide licensing services in a timely and professional manner.

- Effectively manage the application process to promote and preserve properly licensed contractors.
- Analyze methods and options to streamline and simplify the application process to better serve the public.
- Offer fillable forms online to expedite the licensure process.
- Ensure licensure exams are up to date and consistent with industry best practices.
- Utilize consumer satisfaction survey to improve services offered.

Enforcement - promote consumer protection through the regulatory enforcement process by ensuring construction contractors are properly licensed and qualified to provide construction services.

- Reduce and prevent unlicensed activity and unprofessional conduct that poses a threat to public safety and threatens legitimate business activity.
- Verify proper licensing credentials at construction sites.
- Respond to complaints from public in a timely manner.

Education and Public Relations - promote and encourage education of contractors, industry officials, consumers and agency employees.

- Expand the number of skilled workers.
- Utilize specially appropriated funds for construction education and craft training.
- Promote awareness of MSBOC services and the benefits of hiring a licensed contractor.

Disaster Response - support consumers and contractors with the rebuilding process following a disaster.

- Protect consumers from common scams that occur after a disaster and assist contractors with the licensure process.
- Utilize various forms of media to warn individuals about unlicensed and fraudulent contractors.
- Decrease the number of complaints against unlicensed and fraudulent contractors who prey on disaster victims.
- Evaluate protocols for a coordinated disaster response plan with various agencies.
- Conduct preparedness drills and exercises.
- Use public events as a platform to communicate disaster response themes and messages.

PROGRAM PERFORMANCE AND EFFICIENCIES

	2017	2018	2019	2020	2021
Number of New Commercial License Applications	686	634	668	642	647
Number of Commercial Licenses Renewed	6,156	6,152	6,365	6,423	6,493
Number of New Residential License Application	285	309	320	296	364
Number of Residential Licenses Renewed	2,720	2,647	2,735	2,671	2,678
Number of Additional Classifications Granted	414	384	422	434	444
Revenue Generated from Licensure Fees	\$3,069,724	\$2,970,120	\$3,087,880	\$3,141,070	\$3,185,625
Revenue Generated from Other Fees	\$125,439	\$226,169	\$239,006	\$211,803	\$222,401
Number of Construction Sites Visited	7,411	7,600	7,839	8,234	7,033
Number of Contractors Required to Pay Civil Penalties	80	199	213	120	163
Civil Penalties Collected	\$271,971	\$678,241	\$580,508	\$426,680	\$652,620
Grants provided for Construction Education and Craft Training	\$1,436,400	\$2,500,000	\$2,043,175	\$2,058,291	\$2,300,000
Disaster Response Drills/Training/Events	2	4	8	4	8

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