

The CALIFORNIA LICENSED CONTRACTOR



MAY, 1946

REGISTRAR'S REPORT

By E. E. ZEISS, Registrar of Contractors

(EDITOR'S NOTE.—Mr. Zeiss was appointed Registrar of Contractors on July 27, 1945. This report covers his stewardship from the time he entered office through March 31, 1946, at which time the statistical information, upon which a portion of this report is predicated, was available.)

A great percentage of the activity of the board, the Registrar and the staff can be best reflected by showing the actual figures in connection with registration, which because of its unprecedented proportions has made for the greater part of the work load.

The following shows the registration at the termination of each fiscal year (July 1st-June 30th) since the licensing of contractors in California was first instituted:

Fiscal year	New licenses	Renewals	Total
1929-1930	27,657	none ¹	27,657
1930-1931	9,571	18,062	27,633
1931-1932	6,328	18,722	25,050
1932-1933	4,489	17,915	22,404
1933-1934	4,486	17,932	22,418
1934-1935	4,292	18,407	22,619
1935-1936	5,828	20,408	26,234
1936-1937	6,884	22,562	29,446
1937-1938	7,685	25,519	33,204
1938-1939	8,194	29,465	37,659
1939-1940 ²	6,032	33,491	39,523
1940-1941	3,570	35,396	38,966
1941-1942	2,007	34,801	36,808
1942-1943	1,053 ³	30,853 ³	31,906
1943-1944	1,696	28,488	30,184
1944-1945	3,829	28,388 ⁴	32,217
(To March 31, 1946—Three months remaining in fiscal year)			
1945-1946	6,164	31,098 ⁴	37,262 ⁵

¹ The year 1929-1930 being the first year requiring registration, all licenses issued were new or original and no renewal licenses were issued.

² Written examinations were first required during the year 1939-1940.

³ The year 1942-1943 was the first full year following our entrance into war. Because of the elimination of virtually all private building and dislocations caused by the war 5,955, or better than 16 per cent of the registrants of the previous year failed to renew their licenses. (Those entering the armed forces were not required to renew their licenses and the payment of fees for renewal was suspended during the time spent in service by virtue of special legislation.) It is also to be noted that a perceptible falling off was had in the number of new licenses issued during this year.

⁴ It is interesting to note that the renewal for the year 1944-1945 dropped but 1,796 or approximately 6 per cent of the prior year's registration while the renewals made for the present year (1945-1946) dropped but 1,119 out of a former year's registration in excess of that had in the year prior to 1944-1945 or but approximately 3 per cent. This would indicate that the examination requirement has been instrumental in having the licensees renew their licenses, even though they be inactive, rather than letting their licenses lapse and having to pass an examination in order to again secure a license. The 31,098 renewal embraces 814 renewals made to returnees from the armed forces.

⁵ As noted above the registration as of March 31, 1946, is 37,262, which includes 6,164 new licenses issued for the first nine months of this fiscal year. Prior statistics have shown that the great majority of new licenses are issued in the first six months of the year with very few being issued in the months nearing the end, undoubtedly for the reason that the license issued has a shorter life before its renewal must be made. During the last year (1944-1945) with the war's termination in sight and with VE day occurring during this period it was found that new licenses issued during the last quarter were constant with the prior quarters. It appears that this will hold again this year. During January, 870 original licenses were issued; in February, 786; and in March, 850. Averaging these three months we find a monthly average of 835. Based upon last year it is indicative that for the remaining months (April, May, June) that 2,505 new licenses will be issued, which added to the registration as of March 31st, would find a total registration of 39,767. This would constitute the largest registration in our history. It must be taken into consideration that approximately one of every four that secure a license fails the examination. More processing of a failed examination is required than when a license is issued. It is interesting to note that but one applicant is qualified for examination out of every five application forms given to persons requesting them. Undoubtedly these persons who never file the applications find that they do not possess the required qualifications.

EXPERIENCE REQUIREMENT

The board, in October, amended the experience requirement for applicants in that those who were in the armed forces could have the time spent in service added to the length of time during which the experience is required. In effect it adds such time to the 10-year period.

The rule presently provides that "every applicant for a contractor's license must have had, within the last 10 years immediately preceding the filing of the application, not less than four years experience as a journeyman, foreman, supervising employee or contractor in the particular class within which the applicant intends to engage as a contractor."

Already this experience requirement has proven its value to the benefit of the citizenry of the State. Because of it, several thousand inexperienced, unqualified persons, who could otherwise secure a license have been unable to secure one. Many persons, not mechanics and without any construction experience whatsoever, were during the emergency employed in mechanical and other trades closely paralleling those as found in the construction industry. Many of these persons, even though employed but, in some instances, for a very few months, feel that they possess the necessary experience to become a contractor and seek State permission or license. Many have been attracted to the industry feeling that it will be a most lucrative vocation. The experience requirement has thwarted these persons, directly inuring to the benefit of the building public.

EXAMINATION

Every applicant for license possessing the required experience is required to take and pass a written examination designed to test the applicant's experience and general knowledge of the building, safety, health and lien laws of the State and of the rudimentary administrative principles of the contracting business.

Examinations were first instituted in October, 1939. They were very meager at the time. However, through the years that followed they have been greatly strengthened, made applicable to craft and presently, under a directive from the board, they are being further strengthened.

Two principal kinds or types of examinations have been adopted by the board; the specific examination and the blanket examination. The specific examination is the one prescribed for a particular classification, while the blanket examination is one prescribed for several or a group of classifications.

There are presently 45 classifications of contractors established. Specific (craft) examinations have been adopted for nine classifications. These are the classifications with the greatest number of licensees within them and they represent approximately 80 per cent of the entire registration.

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THE CALIFORNIA LICENSED CONTRACTOR

DEPARTMENT OF PROFESSIONAL AND VOCATIONAL STANDARDS

EARL WARREN Governor
PERCY C. HECKENDORF Director
FRED A. TAYLOR Assistant Director

MEMBERS AND OFFICERS CONTRACTORS STATE LICENSE BOARD

JESS WORTHINGTON, *Chairman* San Diego
J. PHILIP MURPHY, *Vice Chairman* San Francisco
ROY M. BUTCHER San Jose
MICHAEL COSTELLO San Francisco
CHRIS D. MCKEON San Francisco
WILLIAM NIES Los Angeles
H. CEDRIC ROBERTS Burbank
E. E. ZEISS, Registrar and Executive Secretary

DEPUTY REGISTRARS

HENRY GRAY CLARK Los Angeles
LOUIS F. ERB San Francisco
WILLARD A. EVISON Los Angeles
NICHOLAS J. MORRISSEY Sacramento

EXAMINER

HARRY W. ABRAHAMS

MAIN OFFICE

503 Business and Professions Building, Sacramento

BRANCH OFFICES

906 California State Building, Los Angeles
207 California Building, 515 Van Ness Avenue,
San Francisco

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The specific examinations are:

General Engineering	A
General Building	B- 1
Electrical (General)	C-10
Painting and Decorating	C-33
Plastering	C-35
Plumbing	C-36
Roofing	C-39
Structural Pest Control	C-22
Tile	C-54

Examinations are in two parts. The first part consists of true and false questions of a general nature concerning the Contractors License Law, Mechanics Lien Law, Labor Laws (embraces questions regarding employment, workmen's compensation insurance, safety in employment), and common knowledge concerning business.

The first three sections of the second part embrace simple arithmetic, such as addition, subtraction, multiplication, division, percentage and discounts. The remainder of the examination is devoted to practical questions concerning the classification applied for by the applicant.

The examination given applicants for a license in the general engineering classification is different from all others in that it is of greater scope and requires one to be possessed of broad engineering knowledge.

Questions regarding specific craft knowledges have been drafted only after consultation and advice from representative groups and persons from the craft involved. All examinations are practical and contain no trick questions.

Because of the large number of examinations being given a heavy work load has fallen upon the staff in preparing, assembling and distributing the examinations.

Prior to March 1st examinations were daily given in the three principal offices, Sacramento, Los Angeles and San Francisco in addition to being given periodically in remote areas. At times as many as 50 examinees appeared at one of the offices in a single day. This was very disrupting to the office and to "jam" these people in small quarters did not make for the best type of examination room. In addition a large part of the time of the clerical force as well as that of the investigatory force was spent in work in connection with the application and examination procedure.

The examination committee of the board instructed the Registrar to alleviate this situation. Accordingly, an entirely new procedure was inaugurated providing for a different method in the filing of applications and the giving of examinations. The new procedure has enabled a much more thorough checking of applications, the giving of examinations but twice a month in the three principal offices in suitable examination chambers, has released the clerical staff to do the regular work, and above all has freed members of the investigatory staff to do the field work so necessary to the public and the industry.

BUDGET

The Contractors State License Board is an entirely self-supporting agency of the State Government, its entire source of income being derived from license fees (with the exception of minor income from the sale of the directory of contractors to commercial organizations). Funds from this source have been sufficient, in fact a surplus presently exists. In November, 1944, the Budget Committee of the Board met with the Director of the Department of Professional and Vocational Standards and told of its needs for the biennium commencing July 1, 1945, and ending June 30, 1947. Preparation of a budget at this time was most difficult as we were still at war, yet requests were made anticipating the war's end and the building program to follow. The request was granted by the Legislature in its entirety, with the exception of one item concerning automobile replacements. Prior to the budget being submitted to the Legislature it must first be approved by the Governor for inclusion within his over-all budget. Governor Warren and his Finance Department were most helpful and their farsighted-

ness along with that of the board enabled sufficient funds for our functions.

LEGAL

Within the past two months the Supreme Court of the State has handed down two decisions, one upholding a revocation of license ordered by the Registrar and the other having to deal with the joint license requirement as contained in the law.

The Attorney General's office, which is counsel for the board, receiving compensation therefor, recently rendered two formal opinions, one having to deal with the installation of insulation materials and holding that such a person is required to possess a contractor's license, and the other dealing with that which constitutes advertising by a contractor and by such act making him under certain circumstances, subject to the law. At this time two additional formal requests for opinions have been directed to the Attorney General and upon receipt of them they will be made known through these columns.

ENFORCEMENT

During a substantial part of the period which this report covers, certain Federal restrictions have prevailed as regards private building. The records of the board show that the great majority of our "complaint" cases arise in private construction; therefore the following figures for the period July 1, 1945-March 31, 1946, are not at all indicative of what this phase of the work will be when we return to normalcy, restrictions are lifted and builders materials procurable.

FORMAL PROCEEDINGS

Pending (previous quarter)	56
Cases filed	137
Total	193
Cases disposed of	126
Cases pending	67
Disposition	
Not guilty	2
Dismissed	51
Guilty—no penalty	2
Guilty—penalty suspended	0
Suspended	21
Revoked	14
Licenses granted (hearing)	15
Licenses denied (hearing)	13
Cases disposed of without hearing	7
Reinstated after hearing	1
Total	126
Hearings	
Original hearings	83
Rehearings	0
Continued hearings	16
Decision pending	2
Total	101

PROSECUTIONS—INFORMAL ACTIVITY

Criminal prosecutions	
Closed without reference to prosecutor	33
Complaints issued	140
Complaints refused by prosecutor	31
Not guilty	7
Guilty	133
Sentence suspended	54
Probation granted	33
Sentence imposed	126
Total	557
Fines assessed	\$9,095.00
Restitution effected	\$9,801.01
Informal complaints	
Dismissed—insufficient evidence	154
Technical violation—no settlement effected	35
Sufficient evidence—settlement effected	317
Referred to formal	76
Referred to prosecution	2
Total	584
Restitution effected	\$70,737.52

Hearings before the Contractors Board wherein a suspension or revocation of license was sought have been since September 15, 1945, conducted in accordance with the Government Code sections relating to Administrative Procedure. The various forms used in connection therewith have been prepared and are now being used by the parties and deputy registrars who continue to conduct such hearings.

PERSONNEL

One of the most serious matters confronting us in the efficient operation of our functions has been the lack of personnel, both in the clerical field as well as in the placement of inspectors in the field. In fact, at this writing, the help situation is as difficult as it was at any time during the war period. However, it is anticipated that we will soon have sufficient clerical help and the State Personnel Board has calendared a civil service examination for inspectors on May 23d. It is hoped that a pool of high-class men will be made available therefrom.

PUBLICATIONS

This is the second publication of the "California Licensed Contractor" in this fiscal period, the last one having been issued in December, 1945. It is hoped that it can soon be again issued on a regular quarterly basis as queries from the licensees regarding it are constantly received.

The Official Directory was compiled as of September 30, 1945, listing all licensees of that date. Shortages of help prevented it being released until December. Monthly supplements commencing in October have been issued to each

holder of the directory. This book is distributed without cost to public officials and groups entitled by law. Others can purchase it at the established price of \$10.

The Contractors Reference Book, fifth edition, was compiled by the board and issued by the State Bureau of Printing in October, 1945. A complete revision of former editions was made and the laws passed by the 1945 State Legislature that would be of interest to licensees were included.

PUBLIC RELATIONS

Cooperative relations with public organizations, construction industry trade associations and other governmental agencies have been well received.

Many appearances have been made at which the purposes and functions of the board have been given and in line with Governor Warren's order to State agencies to cooperate in ridding the State of those who would practice frauds upon the public, and more particularly returning service men, many meetings have been held with other State agencies and Federal agencies wherein a program making for direct action has been accomplished.

There are many other matters that should be included within this report and it is hoped that in succeeding issues of the "California Licensed Contractor" that I will be able to bring them to you.

Prior to my entrance into State service I have often thought that I would appreciate receiving a report from an agency of government that required me to pay a fee to them. It is with this thought in mind that I have written the foregoing.

E. E. ZEISS

Registrar of Contractors

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FINANCE DIRECTOR EXPLAINS FINANCING OF CONTRACTORS STATE LICENSE BOARD

EDITOR'S NOTE.—Resolutions from branches of the construction fraternity and individuals directed to the Governor, the Director of Finance and the Director of Professional and Vocational Standards, urging greater appropriations for the operation of the Contractors' License Board prompted us to request the Director of Finance to supply the answer to the subject of State Finance. His reply:

To the Construction Fraternity:

State finance is an enigma to many, and yet not at all complicated.

My office, and no doubt other offices having some connection with the operation of the Contractors' License Board, has been the recipient of resolutions urging increased appropriations for the agency; requesting increased salaries for the personnel, and otherwise advancing a program which, in the minds of some, is not being carried forward because of the feeling that our fiscal policy will not permit it. This is strongly emphasized because the Contractors' License Board is classified as

a self-supporting agency. By that I mean that its entire program is financed from fees collected from those in the industry.

For the moment, let me explain that the *Constitution of the State* requires that the Governor present to the Legislature every two years a budget. This legal requirement makes no distinction between the so-called self-supporting agency and that unit of Government supported from the General Fund of the State. All functions of government are therefore required to meet this condition.

A budget for the operation of a State agency is no different than one for a business or a family—it represents a detailed estimate of income and expense for a certain period of time.

I have reviewed the record of the past and there does not appear a single instance wherein the needs of this board have not been fully and completely financed, and I know of no single program which has not been carried into effect. To do this we have on occasions authorized, under law, additional expenditures over that appropriated by the Legislature.

During the years of the war, the officers of your board reduced materially the expenses of operation. Construction activities were largely of a war nature and not subject to State jurisdiction. Some layoffs, entries into the service, or war industry, effected this savings.

The budget for the present two-year period was prepared late in 1944, and with my definite suggestion that we anticipate the end of the war during this period, the Director of the Department of Professional and Vocational Standards, after consultation with the Contractors' License Board, presented a budget to me and a hearing was conducted in my office, and as a result we deducted \$1,300 for the two-year period—this because of an over-estimate in the cost of the service to be rendered. It provided for six new inspectors in one year and eight in the second year. Other personnel was provided and I am confident that any program that could be anticipated was fully and completely financed for the period to June 30, 1947. Some of the six positions authorized for this year still remain unfilled for various reasons. Your board will close this year (June 30, 1946) with a substantial balance in the appropriation.

Since the termination of the war every agency has experienced difficulty in filling positions of all kinds with qualified personnel. It is alleged that the compensation is inadequate—that private industry attracts persons through higher wages. Other reasons, too, are offered and it is possible that these reasons may be the cause why jobs are not currently occupied.

It may be pointed out that the salaries paid in State service are those fixed by the State Personnel Board. The budget provides for the salaries currently authorized by that agency. I am told that the Contractors' License Board has a request for upward adjustment of salaries before the Personnel Board. Since there is now under way a study of all State salaries, this request will doubtless be considered between now and July first. If higher pay is granted, funds will be made available to finance it.

During the 17 years of existence of the Contractors' Board, the income has always exceeded the expense. Over this period a very substantial surplus has accumulated. There has been an increase in receipts from licensees and examinations. The surplus had grown in 1939 to almost a half million dollars. The Department of Professional and Vocational Standards badly in need of additional office facilities obtained legislative approval to construct a building, using surplus moneys of the several units of that department to finance the

project. The land and building cost approximately \$1,400,000. The Department of Professional and Vocational Standards provided \$1,000,000 from their fund and \$400,000 from funds of other self-supporting agencies. All of the funds advanced for this project are being returned to each investing agency through rentals, which are charged at an average rate of about 6½¢ per square foot. The Contractors' License Board has invested \$450,000 in the building and the proposed addition to the building.

Repayments have reduced the investment to \$347,093.90 as of February 28, 1946. Repayments are made semiannually. As of this same date, the cash balance in the Contractors' License Fund is \$184,325.66, in the State treasury. Between now and July 1, 1946, an additional sum of \$200,000 will be collected by this board in the form of license fees for the 1946-47 year. Thus, on July 1, 1946, total cash assets will be approximately \$385,000 to carry the board's operation for a one-year period.

The question might be asked, "Why not reduce the license fee?" That in itself is a legislative matter, but still a \$10 license fee is not unreasonable in this type of service.

A thorough study convinces me that the money invested in the Business and Professions Building was proper, in the best interests of the State and your board. It is being returned in full, and there isn't the slightest possibility of any reasonable and proper program of the Contractors' License Board not receiving proper financial support.

As Director of Finance, I have an obligation to see that honest, adequate budgets are presented to the Legislature, and the further duty of administering all State moneys in the best interests of its citizens. That, too, is the policy of Governor Warren.

Since the end of the war, we have seen, on many occasions, the inadequacies of appropriated funds, because of the exceptional increase in certain phases of governmental activity. Those responsibilities as charged by law will be financed in such manner as a sound program suggests.

The Construction Industry is currently the most discussed subject in our economic life. New people, new business and a growing State, all call for an expanded governmental service. Your industry is expanding and we are conscious of it. With this expansion, it is expected that the responsibilities of the Contractors' License Board will multiply. As your needs are indicated, I am sure that within the authority which is ours, you can carry on the effective work of your board.



JAMES S. DEAN
Director, Department of Finance

LICENSE RENEWALS DUE

Renewal application forms will be mailed to all licensees at their addresses as recorded by the Sacramento office between the 1st and 15th of May. Upon each renewal application form is contained complete instructions which should be read carefully by the licensee. There is no change in the form as used last year except that one will not be any longer asked if he is presently "active" or "inactive." This information was only sought during the war period and was helpful to the board in planning its activities. These applications should be immediately returned to the Registrar to insure your renewal.

The renewal fee is \$5, providing it is filed with the Registrar, accompanied by a properly signed and completed renewal application, prior to the delinquent date.

The following sections dealing with the renewal of licenses are from the Business and Professions Code (Contractors Chapter):

"Section 7140. All licenses issued under the provisions of this chapter shall expire on June 30th of each year.

"A license may be renewed without penalty by the filing of a renewal application with the Registrar not later than June 30th of each fiscal year. To be effective such renewal application must be made upon forms prescribed by the board and must be accompanied by the annual renewal fee prescribed by this chapter or fixed by the board. Otherwise a license, application for renewal of which has not been so filed on or before June 30th of each fiscal year, shall be ipso facto suspended until a renewal application is properly filed, and shall be renewable only if the application for the renewal thereof is filed with the Registrar not later than September 30th of each year on a form prescribed by the board and is accompanied by the penalty fee prescribed by this chapter, or fixed by the board, in addition to the current renewal fee.

"No license shall be renewed under any conditions unless the prescribed renewal application, together with all prescribed fees, is filed with the Registrar on or before September 30th of each year."

"Section 7141. The filing of a renewal application within the time, in the form and with the fees prescribed in this article, authorizes operation as a contractor by the licensee until the actual issuance of the renewal license for the ensuing fiscal year; provided, that the license of said applicant is not otherwise under suspension by reason of the decision of the Registrar in a disciplinary proceeding."

From the foregoing it can be seen that when a licensee whose completed application form and check have been filed prior to June 30th, he is entitled to continue in business, although

it may be several weeks before the license certificate can actually be issued.

Each renewal application shows the name in which the license is issued, and the members or officers if the licensee is a copartnership or corporation, and the address.

If any change has occurred in the personnel of a copartnership, the license can not be renewed, and the remaining members of the copartnership must immediately secure an original application form and take steps to secure a new license.

If the officers of a corporation are not as shown upon the renewal application form, a correction should be noted in the space provided. If the address of the licensee is not as shown, the old address should be stricken out and the new address inserted in the space provided.

If there is any question as to whether or not renewal of a license is possible due to some change, the licensee should take the following three steps:

(1) Across the face of the renewal application boldly print the word "Questioned."

(2) Attach a letter clearly explaining the situation or the change that has occurred.

(3) Execute the renewal application form filing it with the Registrar with a check for \$5 prior to midnight of June 30th.

If the change does not bar renewal of a license, the certificate will be issued. If further information is necessary, the filing of the fee and the application will permit renewal without a penalty, even though the Registrar may be unable to finally straighten the matter out until after June 30th.

A majority of licensees wait until the last day or two to file their renewal application. Obviously, those whose applications are filed at this time will have to wait much longer for their new licenses than those whose applications are filed early in June. Every effort will be made by the Registrar to issue renewal licenses as rapidly as possible. A minimum of extra help will be employed, in order to avoid clerical errors that follow the employment of inexperienced clerks.

Licensees who may be required to show their new licenses in order to secure jobs, permits, or city licenses, can not expect temporary certificates or letters from the Registrar stating that the renewal application has been filed if they find themselves without proof of renewal of their license during the early part of July. If it is important for you to have your new certificate in your possession the first of July, do not wait until the end of June to apply for it.

The annual renewal of licenses is a tremendous task for our regular staff. Every effort is taken to expedite the work and to make it as convenient as possible for licentiates. The board and Registrar will appreciate your cooperation in following the instructions on the renewal application form, and in filing for your 1946-47 license as soon as possible.