



CONTRACTORS STATE LICENSE BOARD

Strategic Plan 2015-16





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TABLE OF CONTENTS

	page
Overview	3
Significant 2014-2015 Accomplishments	8
Program Priorities	12
CSLB in the year 2020	14
Mission, Vision and Values	16
Goals and Objectives	17





OVERVIEW

California's construction industry is unique from other states in terms of its breadth, magnitude, and complexity. California has one of the top 10 world economies, and construction continues to be one of the state's largest industries. California's physical size, large and diverse population, varied landscape and climate, frequent seismic activity, distinctive legal framework, and massive economy create an unusually demanding context for contractor licensing.

The responsibility for licensing and regulating California's construction industry belongs to the Contractors State License Board (CSLB).

CSLB was established by the Legislature in 1929 as the Contractors License Bureau, under the Department of Professional and Vocational Standards, to protect the public from irresponsible contractors. In 1935, the mission and duties were placed under the auspices of a seven-member Board. CSLB's Board increased to 15 members in 1960, and since 1970, CSLB has been part of the Department of Consumer Affairs.

CSLB's legal and regulatory role has changed since its creation. Initially, applicants were not issued licenses in specific classifications; they simply indicated the type of construction work that would be performed under the license, and the license was issued without examination or experience requirements.

In 1938, the Legislature made it mandatory for contractor license applicants to be examined for competence in their designated field. By 1947, CSLB had authority to establish experience standards and to adopt rules and regulations to affect the classification of contractors "in a manner consistent with established usage and procedure as found in the construction business, and... limit[ing] the field and scope of operations of a licensed contractor to those in which he or she is classified and qualified to engage..."



BOARD STRUCTURE AND FUNCTIONS

CSLB's 15-member Board is comprised of five contractor members and 10 public members. Public members include one labor representative, one local building



official, and one representative of a statewide senior citizen organization. The governor and state legislature make these appointments.

The Board appoints the Registrar of Contractors, who directs administrative policy for CSLB operations. CSLB currently has five standing Board Committees that perform various functions.

- **Licensing Committee** – Ensures that all applicants and licensees are qualified to provide construction services
- **Enforcement Committee** – Helps reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare
- **Public Affairs Committee** – Educates consumers about making informed choices related to construction services, and provides information to licensed contractors so they can improve their awareness of contracting laws, and technical, management, and service skills
- **Legislative Committee** – Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations
- **Executive Committee** – Enhances organizational effectiveness and improves the quality of service in all programs

LICENSING CONTRACTORS

CSLB regulates contractors in 44 license classifications and two certifications under which members of the construction industry practice their trades and crafts. As of July 2015, there were about 360,000 contractor licenses in California; 285,700 active and 76,800 inactive.

Licenses are categorized into three basic branches of contracting business, as defined by statute and by CSLB rules and regulations:

- **Class “A” General Engineering**
Infrastructure and similar projects requiring specialized engineering knowledge and skill
- **Class “B” General Building**
Buildings – housing, commercial, office, etc.
- **Class “C” Specialty**
Specific trades, such as painters, plumbers, electricians, etc.

CSLB may issue a license to an individual, partnership, corporation, limited liability company, or joint venture. All licenses must have a qualifying individual (also referred to as a “qualifier”). A qualifying individual is the person listed in CSLB records who satisfies the experience and examination requirements for a license.

Depending on the type of license, the qualifying individual must be designated as an owner, responsible managing employee, responsible managing officer, responsible managing manager, responsible managing member, or qualifying partner in the license records. A qualifying individual is required for every classification and on each license issued by CSLB; the same person may serve as the qualifier for more than one classification.

CSLB also registers home improvement salespersons (HIS) who are engaged in the sale of home improvement goods and services. As of July 2015, there were about 13,000 active HIS registrants.

ENFORCING CONTRACTORS’ STATE LICENSE LAW

CSLB’s responsibility to enforce California’s Contractors’ State License Law includes investigating complaints against licensed and unlicensed contractors; issuing citations and suspending or revoking licenses; seeking administrative, criminal, and civil sanctions against violators; and informing consumers, contractors, and the industry about CSLB actions. In fiscal year 2014-15, CSLB helped recover about \$68 million in ordered restitution for consumers.



CSLB receives complaints from members of the public, licensees, professional groups, governmental agencies, and others concerning all phases of the construction industry. However, the majority of complaints come from owners of residential property involved in remodeling or repair work. During the 2014 calendar year, CSLB closed 17,678 complaints.

CSLB'S COMPLAINT PROCESS

CSLB's enforcement process consists of a number of steps through which complaints and/or cases may pass:

- **Complaint initiation:** complaint receipt, screening, and mediation to establish jurisdiction and attempt resolution when disciplinary action is not necessary;
- **Complaint investigation:** field investigations performed by Enforcement Representatives;
- **Arbitration:** resolution of disputes for complaint cases meeting defined criteria;
- **Minor cases:** issuance of a warning letter for technical violations of law;
- **Citation:** official notice containing allegations of violations and usually containing a fine and order of correction or abatement; citations may be issued for unlicensed activity cases or for other violations of Contractors' State License Law;
- **Accusation:** a legal document formally charging a contractor with serious violations that warrant suspension or revocation of a license and providing notice that a disciplinary action may be imposed;
- **Criminal referral:** cases involving criminal violations referred to local prosecutors for the filing of criminal charges;
- **Appeal hearing:** after a citation or accusation is issued, evidentiary hearings are held before an administrative law judge (ALJ) from the Office of Administrative Hearings to hear a licensee's appeal;
- **Proposed decision:** submission of the ALJ's proposed decision to the Registrar of Contractors for final agency decision;
- **Reconsideration:** requests to the Registrar or the Board to reconsider the decision; and
- **Judicial review:** licensee may file a petition for Writ of Mandate in superior court, seeking to overturn the Registrar's or the Board's decision.

THE UNDERGROUND ECONOMY

California's underground economy drastically affects law-abiding businesses, consumers, and workers. The problem is particularly prevalent in the construction industry, where businesses that cheat are able to underbid law-abiding businesses by:

- Failing to obtain required licenses and building permits;
- Failing to pay payroll or other taxes;
- Failing to obtain required workers' compensation insurance;
- Failing to report worker injuries to keep insurance premiums artificially low; and
- Lying on workers' compensation insurance applications to obtain a lower rate.

CSLB estimates that on any given day, tens of thousands of licensed contractors and unlicensed operators are breaking the law and contributing to the state's underground economy.

Since no one state agency has the resources or the information to tackle this enforcement problem alone, state agencies with overlapping jurisdiction in the areas of labor law enforcement have joined forces to make a concerted and consistent dent in California's underground economy.

CSLB is a partner in the Labor Enforcement Task Force (LETF). LETF, which was launched January 1, 2012, is comprised of investigators from CSLB, the Department of Industrial Relations, Employment Development Department, and Board of Equalization, in collaboration with the Insurance Commissioner and





Attorney General's Office. Partners have broadened information-sharing and the use of new enforcement technology to improve the way they target businesses that operate in the underground economy.

UNLICENSED ACTIVITY

CSLB's Statewide Investigative Fraud Team (SWIFT) proactively combats illegal contractors that operate in the underground economy. SWIFT routinely partners with other state and local regulatory and law enforcement agencies to conduct undercover sting and sweep operations, targeting egregious offenders who pose a threat to consumers, employees, businesses, and legitimate licensed contractors.

SIGNIFICANT ACCOMPLISHMENTS OF 2014-2015

Board members develop CSLB's annual strategic plan after reviewing the previous year's accomplishments.

Licensing/Testing

- Began issuing licenses for the new C-22 Asbestos Abatement classification
- Began accepting Individual Taxpayer Identification Numbers (ITIN), in lieu of Social Security numbers, as required by Senate Bill 1159
- Implemented a more comprehensive, consistent, and user-friendly Renewal Application "return-for-correction" letter and other CSLB letters/documents that staff access from CSLB's intranet, with the assistance of CSLB's Information Technology division
- Received Board approval for a listing of the types of "Acceptable Supporting Experience Documentation" that applicants may submit to help verify their claimed work experience, as reported on a Certification of Work Experience (The listing is distributed to applicants and included on CSLB's website to increase understanding of acceptable supporting documentation for claimed work experience.)
- Updated 11 examinations and completed five occupational analyses, keeping CSLB current with its goal of updating occupational analyses every five years
- Developed and administered two civil service examinations

Enforcement

- Developed a Service and Repair Strategy to identify predatory contractors, provide for staff training from the Office of Attorney General and industry leaders, and identify consumer/elder abuse prosecutors to significantly increase administrative and criminal prosecution/convictions
- Developed an Industry Expert (IE) Recruitment and Training Module that is conducted by Investigative Center staff and includes the importance of tailoring IE reports and analysis to reflect the facts and issues essential to administrative, civil, and/or criminal prosecution
- Developed an automated closing letter that is now routinely sent to consumers to educate them about the need to verify a contractor's license, and cautioning them that if they continue to hire unlicensed individuals they will be subject to investigation by partnering state agencies for workers' compensation and tax withholding requirements
- Developed an RMO task force that established essential identifiers to determine when a qualifier may not be involved in the business, and investigation strategies to expedite administrative and criminal filings of investigations identifying fraudulent qualifiers (The task force already has referred a series of complex investigations for administrative and criminal prosecution and works closely with district attorney staff to explore unfair business practice filings under Business and Professions Code §17200.)
- Created a new Peace Officer Special Investigations Unit (SIU) in December 2014 whereby CSLB's 11 Peace Officers report to one Enforcement Supervisor (with administrative support from an Office Technician), eliminating the need for numerous Investigative Center supervisors
- Developed a comprehensive Peace Officer (PO) training curriculum whereby CSLB POs attend quarterly DCA Division of Investigation training, monthly meetings with the Riverside District Attorney's office, and other training provided by DCA and the Commission on Peace Officer Standards and Training (POST).



Legislative

- Sponsored SB 315 (Lieu, Chapter 392, Statutes of 2014), to (1) provide CSLB clear statutory authority to access business locations where labor is present when participating in activities of the Joint Enforcement Strike Force, and (2) clarify that unlicensed individuals can only advertise for construction work they are legally able to perform without a license, which are projects with a total cost under \$500
- Sponsored SB 560 (Monning, 2015), which would authorize CSLB Enforcement Representatives to issue a written Notice to Appear (NTA) to individuals who fail to secure workers' compensation insurance (An NTA is a court order mandating an individual's presence at a hearing, on a specified date, to answer to a misdemeanor charge.)
- Sponsored Senate Bill 561 (Monning, 2015), which would eliminate the requirement that a home improvement salesperson (HIS) separately register to work for each contractor and, instead, allows a properly registered HIS to utilize his or her individual registration with one or more licensed contractors

Public Affairs

- Helped lead a multi-agency campaign to alleviate the shortage of water well drillers in support of the governor's drought-related state of emergency
- Organized and conducted 150 outreach events; 400th Senior Scam StopperSM seminar occurred in March 2015
- Produced or co-produced 19 webcasts, including 16 CSLB Board and Committee meetings
- Collaborated with the Information Technology division to redesign and update content for the launch of CSLB's new website

Information Technology/Administration

- Implemented an upgraded, mission-critical Imaging and Workflow Automation System (IWAS) to improve paper-to-electronic document monitoring and management
- Implemented the first phase of an expanded electronic payment system (previously limited to Sacramento headquarters) in the Norwalk office for contractors who wish to pay licensing fees with credit cards, and added

enhanced security to all public computers that are used for this process to avoid potential security breaches (Similar payment kiosks are under way for the San Diego, Fresno, and San Bernardino field offices.)

- Launched a new system-wide monitoring system, called SolarWinds, to provide IT staff with a centralized dashboard that provides a visible, real-time accounting of CSLB’s data network availability, functions, and performance
- Collaborated with the Licensing division to analyze reasons for application errors that result in a time-consuming rejection and reapplication process, implement an improved tracking system, and better determine how to improve forms and information sent to applicants in order to minimize the application correction rate
- Launched a new CSLB website in coordination with the Public Affairs Office that meets State website standards and provides users with streamlined content architecture for seamless navigating
- Launched the upgraded 1.5 version of CSLB’s State Contractors Official Regulatory Examination (SCORE), which includes improved text and screen features for license applicants who now take their examinations using touchscreen technology, and has reduced the amount of time it takes to complete exams
- Continued collaboration with partner agencies to post disciplinary actions from those agencies on CSLB’s website for more transparent information about licensees
- Implemented wireless access points at Sacramento headquarters, and Fresno, San Diego, San Bernardino, Valencia, Norwalk, and West Covina field offices, to enable staff to conduct business without having to be connected to network cables
- Received state recognition for the Business Service Unit’s excellent record of buying goods and services from small businesses and disabled veteran business enterprises for the second consecutive year



PROGRAM PRIORITIES

The Board has established the following priorities to direct program activities:

1. Focus on early enforcement intervention and high priority (health and safety) complaints,
2. Help keep licensees compliant with licensing requirements and maintain the collection of revenue by keeping renewals and license maintenance current,
3. License applicants by reviewing qualifications and criminal background, and administering legal and effective examinations,
4. Educate consumers about their rights and responsibilities, and empower consumers with ways they can protect themselves,
5. Stress early intervention and resolution of reactive complaints, and refer minor complaints to small claims court,
6. Provide services through the Licensing Information Center (call center) and the public counter, and
7. Ensure that Administrative Services and Information Technology divisions provide the support necessary to maintain unit operations.

CSLB ENFORCEMENT PRIORITIZATION

	Elder Abuse	Predatory Criminal Acts	Disaster Response	Workmanship Complaints	Health and Safety Complaints	Misuse of a License Violations	Unlicensed Practice	Failure to Obtain a Permit	Workers' Compensation Insurance	Working Out of Classification	Electrician Certification	Advertising Violations
Elected Officials												
District Attorneys												
Consumers												
Contractors												
State and Local Government												
Industry Associations												
Media Referrals												
Employees												
Building Officials												
Local Volunteer Groups												
Proactive Enforcement												
Anonymous Tips												

Higher Priority

Lower Priority



CSLB IN THE YEAR 2020

CSLB has adopted and aims to establish the following vision by 2020:

1. Licensing/Call Center and Testing

- Electronic/paperless application, renewal and license management processes
- Fully automated bond and workers' compensation insurance submission processes
- All communication with applicants and licensees via email
- Virtual Call Center with chat ability
- Email Unit
- State-of-the-art security technology in test centers

2. Enforcement

- Appropriate management structure, including a Deputy Enforcement Chief
- System for purchasing new vehicles that utilizes the latest technology, including GPS and Bluetooth
- Improved, direct communication between CSLB headquarters and field offices including video conferencing, Skype, online training, etc.
- Improved CSLB presence throughout the state with more small field offices (e.g., San Luis Obispo, Barstow)
- Staff access to new communication equipment
- Staffed in-house training program
- Staffed Subsequent Arrest Unit
- Pay differentials and adjustments for staff in high-cost areas of CA to address retention issues
- Utilization of state-of-the-art audio/video equipment

3. Public Affairs

- State-of-the-art audio/video studio to communicate directly with media/stakeholders
- State-of-the-art social network communications
- Ability to quickly look up license information with smartphones through QR codes or other technology
- Ability to attend/participate in conferences (both inside and outside of California)

4. Administration and IT

- Improved hiring and retention practices to minimize vacancies
- Full-service Human Resources Unit
- VDI (Virtual Desktop)
- Hiring and retention plan for IT staff
- Enhance Tele-Work/Telecommuting in a Virtual Environment
- Supervisors provided with real-time snapshot of work in progress
- Automation of all internal services using state-of-the-art technology



MISSION

CSLB protects consumers by regulating the construction industry through licensure, enforcement, and education.

VISION

CSLB is a model consumer protection agency, integrating regulatory oversight of the construction industry as necessary for the protection of consumers and licensed contractors.

VALUES

CSLB provides the highest quality throughout its programs by:

- Being responsive and treating all consumers and contractors fairly;
- Focusing on prevention and providing educational information to consumers and contractors;
- Embracing technology and innovative methods to provide services; and
- Supporting a team concept and the professional development of staff.



CURRENT GOALS AND OBJECTIVES

CSLB has identified the following objectives to help meet its goals. These objectives are assigned with a priority status of (E) Essential, (I) Important, or (B) Beneficial.

ENFORCEMENT

Enforcement Objectives	Target	Description
1. Public Works (I)	August 2015	Review and revise the memorandum of understanding with the Labor Commissioner’s Office.
2. Establishment of Government Accounts to Obtain Court Records (I)	October 2015	Online county criminal records require establishment of a fee-based account to access them.
3. Refine Proactive Strategies and Objectives (I)	December 2015	Develop a matrix to prioritize proactive response to leads, sweeps, and stings.
4. Revision of Enforcement Manual (E)	December 2015	Establish a task force to update and improve the existing complaint-handling manual.
5. Update Regulation for Assessment of Civil Penalties (I)	December 2015	Revisit penalty guidelines to determine if they have kept up with inflation and consumer protection requirements.
6. Solar Industry Schemes (E)	June 2016	Develop outreach, education, and enforcement strategies to address deceptive solar tactics.



LEGISLATIVE

Legislative Objectives	Target	Description
1. Seek Legislation to Authorize Sharing of Licensee Information with the Employment Development Department (E)	July 2015	Legislative authority would address a new issue raised by the Department of Consumer Affairs.
2. Prepare Legislative Proposal to Eliminate Capital Requirement for Licensure and Increase Contractor Bond by Corresponding Amount (B)	September 2015	Legislative authority would address a new issue raised by the Board in the Sunset Review Report; included in SB 465 (Hill).
3. Prepare Draft Proposal to reorganize Contractors' State License Law (I)	December 2015	Revisions would make the law easier to follow.
4. Prepare Legislative Proposal to Provide for Comprehensive Rewrite of the Home Improvement Contractor Provisions (B)	December 2015	Legislative direction would address a new issue raised by the Board in the Sunset Review Report.
5. Seek Amendments to Arbitration Program Statutory Provisions (I)	December 2015	Amendments would address the awarding of attorney fees as a result of participation in the arbitration program.

LICENSING & TESTING

Licensing & Testing Objectives	Target	Description
1. Research Security Devices for Testing Center and Workshop Conference Room Windows (I)	December 2015	Research and evaluate various security devices that could be installed in test centers and conference rooms.
2. Evaluate Test Centers for Functionality (I)	December 2015	Determine possible improvements to the layout (floor plan, types of cubicles, etc.) of test centers.
3. Research National Contractor Examinations (B)	December 2015	Testing division staff will review and evaluate existing examinations for licensure in the construction field.
4. Install Surveillance Cameras in Test Centers (I)	December 2015	The Department of General Services is putting this project out to bid; it will enhance security at all eight test centers.
5. Develop and Apply Consistent Application Experience Evaluation Criteria (E)	January 2016	Training of all application staff was conducted in May 2014 on existing evaluation criteria; task force is to be appointed to develop regulation proposal(s) for evaluation criteria.
6. Develop Online Smart Application Package to Reduce Application Rejection Rates (I)	January 2016	Online services are currently tied to DCA BreEZe project; research other options to move forward.
7. Fully Automate Bonds and Workers' Compensation Insurance Submission Processes (I)	January 2016	Automated services are tied to DCA BreEZe project; research other options to move forward.



8. Implement Online Licensure Tool for Credit Card Payment (B)	January 2016	Online payment services are tied to DCA BreEZe project; research other options to move forward.
9. Review Current Reciprocity Agreements (I)	January 2016	Review current agreements with Arizona, Nevada, and Utah and research licensing criteria for other states to determine whether reciprocity should/can be expanded.
10. Determine Feasibility of Tiered "B" General Building Classification (I)	January 2016	Determine whether a secondary "B" classification is needed to address contractors who provide home improvement services that do not include structural changes.
11. Fully Implement SCORE 2.0 (E)	September 2016	The most critical SCORE 2.0 modules will be completed first, with completion date of Fall 2016. SCORE 2.0 will provide enhanced functionality for examination development and administration.

PUBLIC AFFAIRS

Public Affairs Objectives	Target	Description
1. Complete Flagship Consumer Publication (E)	July 2015	Continued from 2014-15 Strategic Plan.
2. Complete Flagship Contractor Publication (E)	September 2015	Continued from 2014-15 Strategic Plan.
3. Develop Realtor Outreach Program (B)	October 2015	Develop a program to educate realtors, a prime referral source for new homeowners, to locate licensed contractors.
4. Determine Feasibility of Building a Full-Service Broadcast Studio (I)	December 2015	Assess feasibility/costs of constructing a broadcast studio in the space currently occupied by Public Affairs Office staff.
5. Determine Feasibility of Updating Technology in John C. Hall Hearing Room (B)	January 2016	Assess the feasibility/cost of updating the hearing room to improve audio/visual services for meeting participants and audiences.
6. Develop Schedule for Development of an Opt-In, "Find a Contractor" Website Feature (E)	February 2016	Determine a schedule to develop a website feature that will allow consumers to identify licensed contractors.
7. Determine Feasibility of Developing a Mobile Web App (I)	March 2016	Research current technology to determine if there is a need or opportunity to create a mobile application(s).
8. Develop Features for Use on Contractors/Industry Members' Websites (I)	April 2016	Utilize Rich Site Summary (RSS) to create content that can be used on licensee or industry group websites.
9. Develop CSLB Style Guide and Standards Manual (B)	June 2016	Continued from 2014-15 Strategic Plan.



INFORMATION TECHNOLOGY

Information Technology Objectives	Target	Description
1. Implement ePayment Expansion to Field Sites (I)	Spring 2016	Expand ePayment to cover California's Northern (Sacramento), Central (Fresno) and Southern (Norwalk, San Bernardino, and San Diego) regions; this will allow contractors to make 16 payment types by major credit cards.
2. Implement ePayment Online (I)	Winter 2015	Online payment will allow contractors to make 16 payment types by major credit cards from anywhere.
3. Implement Home Improvement Salesperson (HIS) Online Application (I)	Spring 2016	HIS applicants would be able to submit applications online, and could submit online registration renewals.
4. Increase Network Bandwidth to Field Sites (E)	Spring 2016	Field site network bandwidth currently is limited and slow; IT staff will upgrade network circuits to increase available bandwidth to enable CSLB to implement Enterprise IT solutions.



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