

CONTRACTORS STATE LICENSE BOARD

# Strategic Plan 2007



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## **OVERVIEW OF THE CONTRACTORS STATE LICENSE BOARD**

The Contractors State License Board (CSLB) is the California consumer protection agency charged with licensing construction contractors who work in the state, resolving consumer complaints, and enforcing state laws pertaining to contractors. CSLB licenses or certifies contractors in 46 categories and registers home improvement salespersons.

Created in 1929, and now an independent board within the California Department of Consumer Affairs (DCA), CSLB saw its staffing and budget decrease from 471 staff and \$49.9 million operating budget in 2001-2002 to 429.5 staff and \$47.8 million in 2002-2003. In 2006-2007, CSLB had 404 authorized PY (personnel years) and a budget of \$53.7 million. In 2006, CSLB regulated 304,000 licenses, administered a record 88,468 examinations, and opened 21,028 complaints.

CSLB is governed by a 15-member Board consisting of licensed contractors, a building official, consumers, and representatives of labor organizations. The Registrar of Contractors, appointed by the Board, administers the agency.

The mission of CSLB is to protect consumers by regulating the construction industry through policies that promote health, safety, and general welfare of the public in matters relating to construction. The Contractors State License Board attempts to accomplish this mission by:

- Ensuring that construction is performed in a safe, competent, and professional manner;
- Licensing contractors and enforcing licensing laws;
- Requiring that any person practicing or offering to practice construction contracting be licensed;
- Enforcing the laws, regulations, and standards governing construction contracting in a fair and uniform manner;
- Providing resolution to disputes that arise from construction activities; and
- Educating consumers so that they may make informed choices.

CSLB activities include administering examinations to test prospective licensees, issuing licenses, investigating complaints against licensed and unlicensed contractors, issuing citations and suspending or revoking licenses, and seeking administrative, criminal, and civil sanctions against violators.

## **CSLB EXTERNAL ENVIRONMENT**

In developing its strategic plan, CSLB must assess the external factors which have a significant impact on the field of construction in general and CSLB's mission in particular.

An update of the Board's Strategic Plan is preceded by an environmental scan. From an examination of CSLB's external environment, Board members and staff identify the potential issues and challenges that may affect CSLB's ability to carry out its mission over the long term.

The construction industry in California is distinct from that of other states in terms of the breadth, magnitude, and complexity of the individual circumstances that create its context. California has the fifth or sixth largest economy in the world, and construction is the state's number one industry. 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.

Identified major trends and conditions that affect CSLB:

- **State Budget**

No impact compares with the state of the California budget. The multi-billion-dollar shortfall has monumental repercussions on all aspects of life. CSLB struggles to keep up with increasing workload with available resources.

- **Underground Economy**

The underground economy hurts California businesses and workers. It undercuts the ability of legitimate businesses to compete fairly. These illegal operators disregard California's tax, labor, and licensing laws, and in doing so harm businesses, place employees at risk, and weaken the Board's licensing program. CSLB's efforts in combating unlicensed practice and the underground economy were curtailed by the loss of 58 staff positions in its enforcement program. However, the Administration created the Economic and Employment Enforcement Coalition (EEEC) in FY 2005-2006 to battle the underground economy. CSLB had 11 of its enforcement representatives positions restored (on a 3-year limited-term basis).

- **Staffing**

The State of California faces long-term personnel issues as the state work force ages and compensation issues arise. For CSLB, the enforcement representative (ER) series creates a number of pay and classification problems, including (1) disparity between ERs and supervisors, and (2) disparity between CSLB's ERs and like staff in other organizations with higher pay and lesser workloads, which causes retention and recruitment problems. CSLB must determine ways to recruit, train, and retain qualified staff, while at the same time trying to restore positions. CSLB must also get support from control agencies to successfully address the pay disparity issue.

- **Infrastructure**

Over the next 20 years, California's population is expected to increase by as much as 30 percent, and it is estimated that the state faces more than \$500 billion in infrastructure needs over the same period. Governor Schwarzenegger and the voters approved the first phase of an investment plan to meet these expected needs. The proposals would invest more than billions in the state's infrastructure over the next ten years.

CSLB must ensure its licensing programs are in place to ensure enough competent and honest contractors are available to provide the necessary services, and ensure that only properly licensed contractors provides these services in a legal and competent way.

## **PROGRAM PRIORITIES**

To focus decreased resources on the Board's most critical needs, the Board set the following priorities:

1. Focus on early intervention and on serious (health and safety) complaints.
2. Keep licensees in business and maintain the collection of revenue by keeping renewals and license maintenance current.
3. License applicants by reviewing qualifications and fingerprinting applicants, and administer legal and effective exams.
4. Educate consumers on their rights and responsibilities, and stress how consumers 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 and the front counter.
7. Ensure that Administrative Services and Information Technology provide the support necessary to maintain programs.

## **MISSION**

The Contractors State License Board protects consumers by regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction.

The Contractors State License Board will accomplish this by:

- Ensuring that construction is performed in a safe, competent, and professional manner;
- Licensing contractors and enforcing licensing laws;
- Requiring that any person practicing or offering to practice construction contracting be licensed;
- Enforcing the laws, regulations, and standards governing construction contracting in a fair and uniform manner;
- Providing resolution to disputes that arise from construction activities; and
- Educating consumers so that they make informed choices.

## **VISION**

California consumers and contractors will have a safe, fair, and competitive marketplace.

- Contractors possess the knowledge, skills, and abilities necessary to provide clients and the general public with professional service and products.
- Consumers have access to adequate redress if they are harmed by incompetent or dishonest contractors.
- Consumers have information they need to make informed choices.
- Contractors have access to information they need to practice competently and honestly.

## **VALUES**

The Contractors State License Board will strive for the highest possible quality throughout all of its programs. To that end:

- CSLB believes in treating all consumers and contractors fairly.
- CSLB supports its staff and their dedication to their jobs.
- CSLB focuses on prevention, providing information to consumers and contractors.
- CSLB is progressive, utilizing the most advanced means for providing services.

## **GOALS**

The Contractors State License Board has established five goals, which provide the framework for the results it wants to achieve in furtherance of its mission.

### **1. Enforcement**

Reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare.

### **2. Licensing**

Ensure that all applicants and licensees are qualified to provide construction services.

### **3. Legislation**

Ensure that statutes, regulations, policies, and procedures protect consumers, and provide adequate remedies to resolve disputes.

### **4. Communication & Education**

Educate consumers to make informed choices about construction services, and ensure that licensed contractors strengthen their technical management and service skills.

### **5. Organizational Development**

Enhance organizational effectiveness, and improve the quality of customer service in all programs.

## **CUSTOMERS & NEEDS**

The California Contractors State License Board serves four primary user groups:

### **1. The Public**

CSLB protects and serves the public at large. Californians of all walks of life rely on well-built structures and infrastructure.

### **2. Users of Contracting Services**

CSLB's programs and regulatory activities benefit users of contractors' services. There is a clear need to ensure that these consumers are not harmed by incompetent or dishonest contractors. Similarly, there is a clear need to resolve disputes in a timely manner when conflicts occur.

### **3. Contractors**

CSLB benefits contractors by providing information that enables them to pursue their business activities with appropriate protections. By providing dispute resolution services, CSLB attempts to minimize the cost and other difficulties associated with conflicts over construction work. By maintaining minimal licensing standards, CSLB raises the standards of the profession and respect for licensees. By investigating and prosecuting unlicensed practitioners, CSLB tries to level the playing field and improve the way the marketplace operates.

### **4. Building Officials**

California building officials and CSLB share the common goal of ensuring that construction is performed competently and conforms to all relevant building codes and standards. Before issuing a permit for construction, the local building departments use CSLB information to verify the license status of individuals who are not otherwise exempt from licensure. In addition, local building officials regularly cooperate with CSLB to discipline licensees who commit the more egregious violations of the building codes. CSLB also works with CALBO (the association of California building officials) on ways to improve communication among contractors, consumers, building officials, and CSLB.

## **ACTION PLAN**

The Action Plan is a dynamic framework for the many activities the Contractors State License Board performs in promoting and meeting its goals. The goals and objectives are assigned to committees, subcommittees, task forces, staff, or individuals, as appropriate, who create more detailed action plans in order to meet the goals and objectives set by the Board.

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## ACTION PLAN: ENFORCEMENT

**GOAL: Reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare.**

ONGOING RESPONSIBILITIES	LEAD RESPONSIBILITY
Adopt policies and procedures that encourage voluntary compliance.	Enforcement Committee
Provide appropriate information to the public on the status of enforcement activities.	Enforcement Committee
Encourage early intervention and mediation to resolve disputes.	Enforcement Committee
Develop policies and procedures to work with other governmental and law enforcement agencies.	Enforcement Committee
Develop policies and procedures to improve the quality of legal actions.	Enforcement Committee

OBJECTIVES	LEAD RESPONSIBILITY	TARGET DATE
1. Reduce the number of 270-day-old complaints to less than 100.	Staff	June 2007
2. Develop enforcement tools to be included on the CSLB web site as a link to assist agencies that award public contracts in hiring qualified licensed contractors	Enforcement Committee	June 2007
3. Report the progress of CSLB's EEEEC efforts for submission to the Legislature/Administration.	Staff	June 2007
4. Develop criteria and implement a program to conduct office audits of all Enforcement operations.	Staff	August 2007
5. Permanently establish the eleven (11) EEEEC Enforcement Representative positions in SWIFT.	Enforcement Committee	June 2008
6. Establish two additional Investigative Centers in Southern California.	Enforcement Committee	July 2008
7. Establish a SWIFT center in the Central Valley.	Enforcement Committee	July 2008

## ACTION PLAN: LICENSING

**GOAL: Ensure that all applicants and licensees are qualified to provide construction services**

ONGOING RESPONSIBILITIES	LEAD RESPONSIBILITY
Ensure that exams are current and relevant.	Licensing Committee
Ensure that all licensed contractors meet experience and education requirements and exhibit basic business competency skills.	Licensing Committee
Enforce penalties for application fraud and misrepresentation of qualifications.	Licensing Committee
Ensure accuracy of information submitted by the applicant and applicant integrity.	Licensing Committee
Ensure all processes in Licensing are current and efficient.	Licensing Committee

OBJECTIVES	LEAD RESPONSIBILITY	TARGET DATE
1. Develop processes and procedures for licensure application denials due to criminal conviction history.	Licensing Committee	June 2007
2. Hire consultant to study the long-term impact of the Imaging Workflow Automated System (IWAS) on licensing business processes.	Staff	September 2007
3. Increase exam seating by expanding Norwalk and San Bernardino testing centers.	Staff	October 2007
4. Reestablish e-mail unit in the Licensing Division.	Licensing Committee	July 2008
5. Create two (2) dedicated bilingual positions in Licensing Information Center.	Licensing Committee	July 2008
6. Increase exam seating by expanding Fresno and San Diego testing centers.	Staff	January 2009

## **ACTION PLAN: LEGISLATION**

**GOAL: Ensure that statutes, regulations, and procedures protect consumers, and provide adequate remedies to resolve disputes.**

ONGOING RESPONSIBILITIES	LEAD RESPONSIBILITY
Provide mechanisms for consumers to remedy problems and resolve disputes.	Legislative Committee
Create and maintain a legal and regulatory framework that ensures an appropriate level of consumer protection.	Legislative Committee
Monitor legislation that impacts the construction industry as it relates to public health, safety, and welfare.	Legislative Committee

OBJECTIVES	LEAD RESPONSIBILITY	TARGET DATE
1. Submit Sunset Review Report to the Legislature.	Legislative Committee	September 2007
2. Enact provisions to prosecute unlicensed contractors who offer to perform tree trimming.	Legislative Committee	January 2008
3. Enact provisions to enhance penalties against repeat offenders and revoked licensees.	Legislative Committee	January 2008
4. Enact provisions to increase the statute of limitations for filing administrative action against a licensee who has been convicted of crime(s) and allowing adequate time to fairly address complaints involving written warranties.	Legislative Committee	January 2008
5. Enact provisions or licensee responsible for a consumer injury resultant from aiding and abetting non-licensee.	Legislative Committee	January 2008
6. Enact changes to Mechanic's Lien procedures and requirements.	Legislative Committee	January 2008
7. Enact technical and statutory clean-up language.	Legislative Committee	January 2008

## **ACTION PLAN: COMMUNICATION & EDUCATION**

**GOAL:** Educate consumers to make informed choices about construction services and ensure that licensed contractors strengthen their technical management and service skills.

ONGOING RESPONSIBILITIES	LEAD RESPONSIBILITY
Ensure that contractors understand their professional obligations and responsibilities.	Communication & Education Committee
Educate the public about their rights and responsibilities in the contracting process.	Communication & Education Committee
Educate contractors about building codes, construction methods, and business practices.	Communication & Education Committee
Inform the public about the role and function of CSLB.	Communication & Education Committee

OBJECTIVES	LEAD RESPONSIBILITY	TARGET DATE
1. Develop prototype for media partnership.	Communication & Education Committee	June 2007
2. Implement Phase Two of CSLB Website Update Project.	Communication & Education Committee	July 2007
3. Develop "Find a Contractor" feature for Website.	Communication & Education Committee	September 2007
4. Implement contract with a private public relations/ advertising firm to provide support for CSLB's public education program.	Communication & Education Committee	October 2007
5. Translate remaining major CSLB publications into Spanish.	Communication & Education Committee	December 2007
6. Update and implement Communications Plan through 2009, based on Board approved priorities, input from public relations contractor, and available resources.	Communication & Education Committee	January 2008
7. Conduct research to assist in the development of an updated public relations/advertising strategy.	Communication & Education Committee	March 2008
8. Implement a two-year limited term public information campaign focused on licensing and Economic and Employment Enforcement Coalition Issues.	Communication & Education Committee	July 2008

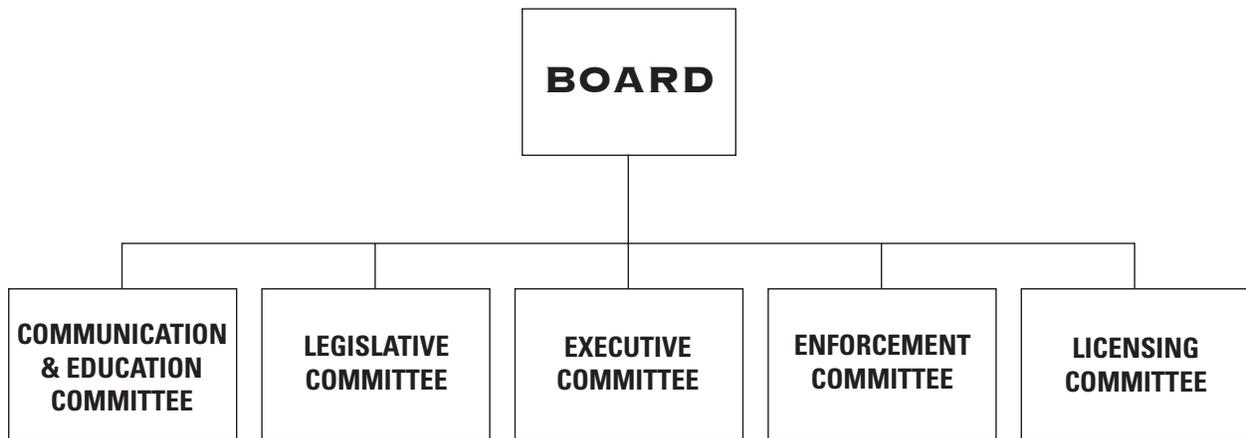
## ACTION PLAN: ORGANIZATIONAL DEVELOPMENT

**GOAL:** Enhance organizational effectiveness, and improve the quality of customer service in all programs.

ONGOING RESPONSIBILITIES	LEAD RESPONSIBILITY
Try to ensure that CSLB has the resources it needs to achieve its mission and goals.	Board and Staff
Monitor implementation of the CSLB strategic plan.	Executive Committee
Monitor and improve organizational effectiveness.	Executive Committee

OBJECTIVES	LEAD RESPONSIBILITY	TARGET DATE
1. Determine process for and conduct strategic planning process.	Board	June 2007
2. Develop and implement a staff development plan by program.	Executive Committee	January 2008
3. Implement long-range plans for Construction Management Education Account.	Executive Committee	January 2008
4. Develop enforcement representative/supervisor specification revisions to address pay and classification disparities.	Staff	January 2008
5. Replace Integrated Voice Response system.	Staff	July 2009

## APPENDIX





**CONTRACTORS STATE LICENSE BOARD**

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