

CONTRACTORS STATE LICENSE BOARD

2022-2024 Strategic Plan



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Members of the Board

Susan Granzella, Board Chair, Public Member

Mary Teichert, Vice Chair, (A) General Engineering Contractor Member

Diana Love, Secretary, Public Member, Senior Citizen Organization

Frank Altamura, Jr., Public Member

Rodney M. Cobos, Public Member

David De La Torre, Public Member

Miguel Galarza, (B) General Contractor Member

Donald Giarratano, (C) Specialty Contractor Member

Alan Guy, (B) General Contractor Member

Michael Mark, Labor Organization Member

Steven Panelli, Building Official Member

James Ruane, (C) Specialty Contractor Member

Johnny Simpson, Public Member

Gavin Newsom

Governor

Lourdes M. Castro Ramírez

Secretary, Business, Consumer Services and Housing Agency

Kimberly Kirchmeyer

Director, Department of Consumer Affairs

David R. Fogt

Registrar, Contractors State License Board

Overview: About the Board

The California legislature established the Contractors State License Board (CSLB) in 1929 as the Contractors License Bureau under the Department of Professional and Vocational Standards. Today, CSLB is part of the Department of Consumer Affairs.

The responsibility for licensing and regulating the 45 classifications and two certifications that constitute California's construction industry belongs to CSLB. Today, there are approximately 285,000 licensed contractors and 23,000 registered home improvement salespersons in the state.

The Registrar of Contractors oversees a staff of more than 400 employees who work at CLSB's headquarters in Sacramento and at field offices throughout the state.

CSLB's headquarters office receives and processes applications for new licenses, additional classifications, changes of license records, and license renewals. Headquarters staff reviews and maintains records of disciplinary actions initiated by the regional offices and provides other support services. This office also provides information about the status of a license as well as the verified certificates of licensure used in court or other actions. Headquarters directs the activities of the field offices and initiates all disciplinary actions resulting from their investigations. Field office staff investigates consumer complaints against licensed and unlicensed contractors.

Enforcement staff closed nearly 17,000 investigations in Fiscal Year 2020-21, as well as initiated all disciplinary actions resulting from investigations. In Fiscal Year 2020-21, CSLB helped recover more than \$27.5 million for consumers.

The Statewide Investigative Fraud Team (SWIFT) focuses on the underground economy and on unlicensed contractors. This unit conducts proactive stings and sweeps to help curtail illegal contracting and cites those who are not licensed.

CSLB's website provides a wealth of information to various stakeholders. Features include an Instant License Check, which provides information about a particular contractor's license status, and Find My Licensed Contractor, which generates a list of licensed contractors in a designated geographic area and specific trade. It also includes a Disaster Help Center, which provides information and resources for disaster survivors, contractors, and the media.

CSLB holds regularly scheduled public meetings throughout the state, which provide the public an opportunity to provide comment on agenda items and other issues.

CSLB's Mission, Vision and Values

MISSION

CSLB 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, including home improvement.

The Board accomplishes this by:

- Ensuring that construction, including home improvement, is performed in a safe, competent, and professional manner;
- Licensing contractors and enforcing licensing laws;
- Requiring licensure for any person practicing or offering to practice construction contracting;
- 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 they can make informed choices.

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.

Board Structure and Functions

CSLB's 15-member Board directs administrative policy for the agency's operations. The Board includes 10 public members (including one labor representative, one local building official, and one representative of a statewide senior citizen organization), and five contractors. Appointments are made by the governor and the state legislature.

GUBERNATORIAL APPOINTMENTS

- Three Public Members
- One Public Member – Senior Citizen Organization
- One Public Member – Building Official
- One Public Member – Labor Representative
- One (A) Engineering Contractor Member
- Two (B) General Contractor Members
- Two (C) Specialty Contractor Members

SENATE APPOINTMENTS

- Two Public Members

ASSEMBLY APPOINTMENTS

- Two Public Members

The Board appoints, with the approval of the director of the department of Consumer Affairs, the registrar of contractors, who directs administrative policy for CSLB's statewide operations.

COMMITTEES

CSLB currently has five standing board committees that perform various functions.

- **Licensing Committee**
Ensures that all applicants and licensees meet minimum qualifications 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 their 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 licenses and regulates contractors in 44 license classifications and two certifications under which members of the construction industry practice their trades and crafts. As of October 1, 2021, there were 283,867 contractor licenses in California: 232,187 active and 51,680 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 a sole owner, partnership, corporation, limited liability company, or joint venture. All licenses must have a “qualifier,” who is the person listed in CSLB records who satisfies the experience and exam requirements for a license.

Depending on the type of license, the qualifier 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 qualifier is required for every classification and on each license CSLB issues; 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 October 1, 2021, there were 23,402 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 2020-21, CSLB helped recover more than \$27.5 million for consumers.

CSLB receives complaints from members of the public, licensees, professional groups, government agencies, and others concerning all aspects of the construction industry. However, the majority of these complaints come from owners of residential property involved in remodeling or repair work. CSLB received over 15,000 complaints in Fiscal Year 2020-21.

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 field investigation is not warranted.
- **Complaint Investigation**
Field investigations performed by CSLB Special Investigators.
- **Arbitration**
Resolution of disputes for complaint cases meeting defined criteria.
- **Minor Cases**
Issuance of an advisory notice or letter of admonishment for less egregious violations of law.
- **Citation**
Official notice containing alleged violations that include a civil penalty and may include an 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 licensed 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 alleged criminal violations are referred to local prosecutors for the possible 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.
- **Judicial Review**
Licensee may file a petition for a Writ of Mandate in superior court, seeking to overturn the registrar's or the Board's decision.

THE UNDERGROUND ECONOMY

California's underground economy harms law-abiding businesses, consumers, and workers. The problem is particularly prevalent in the construction industry, where businesses that cheat underbid those that follow the rules 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.
- Failing to report accurate payroll to obtain a lower workers' compensation insurance premium.

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 member of multiple task forces.

JOINT ENFORCEMENT STRIKE FORCE (JESF)

The Joint Enforcement Strike Force (JESF), which was created by an executive order signed by Governor Pete Wilson in October 1993, is responsible for enhancing the development and sharing of information necessary to combat the underground economy, to improve the coordination of enforcement activities, and to develop methods to pool, focus, and target enforcement resources. JESF is empowered and authorized to form joint enforcement teams when appropriate to utilize the collective investigative and enforcement capabilities of JESF members.

LABOR ENFORCEMENT TASK FORCE (LETF)

The Labor Enforcement Task Force (LETF), which was launched in January 2012, is comprised of investigators from CSLB, the Department of Industrial Relations, and the Employment Development Department. LETF performs weekly inspections at active construction sites to investigate license, wage, tax, and workplace safety compliance.

UNLICENSED ACTIVITY

CSLB's Statewide Investigative Fraud Team (SWIFT) proactively combats illegal contractors that operate in the underground economy by failing to obtain a required contractor license and/or workers' compensation insurance. 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 licensed contractors.

Significant Accomplishments 2019-2021

Over the last three years, the Board achieved many of the goals laid out in the 2019-2021 Strategic Plan. Highlights include:

- The Legislative and Licensing Divisions developed a new residential remodeling classification and then worked with Senator McGuire to create the new law (SB 1189, 2020). The Testing Division developed and is now administering the new trade examination.
- The Licensing Division obtained legislative authority through board-sponsored legislation and began outsourcing CSLB's examination administration to reduce board costs and provide applicants more flexibility to take their exams.
- The Information Technology and Licensing Divisions developed necessary programming to enable over 90 percent of licensees to renew their licenses online in real-time and provided all applicants with the ability to take their open book asbestos examination online.
- The Enforcement and Public Affairs Divisions formalized CSLB's disaster response program. Consumer protection objectives include posting signs within three to five days after evacuation orders are lifted, conducting sweeps through the disaster area to ensure contractors are properly licensed, staffing Local Assistance/Disaster Recovery Centers to educate consumers and contractors on successfully contracting to rebuild, and participating in disaster-related outreach events. In the past three years, the Enforcement Division has successfully staffed 52 Local Assistance Centers throughout California.
- The Enforcement and Public Affairs Divisions relaunched CSLB's "Most Wanted" feature and issued press releases for all undercover sting operations.
- The Enforcement and Public Affairs Divisions created an online building permit compliance training course for licensees who fail to comply with local building department permit requirements.
- The Executive Office completed a classification study with outside consultant CPS HR and reclassified existing non-sworn enforcement representatives to special investigators.
- The Information Technology Division expanded public records and licensing information online with the creation of the "Public Data Portal" on CSLB's website.

Strategic Goal Areas

1. LICENSING & TESTING

Ensures that all applicants and licensees meet minimum qualifications to provide construction services.

2. ENFORCEMENT

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

3. LEGISLATION

Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations.

4. PUBLIC AFFAIRS

Educates consumers about making informed choices related to construction services and provides information to licensed contractors so they can improve their awareness of contracting law, and technical, management, and service skills.

5. EXECUTIVE

Enhances organizational effectiveness and improves the quality of service in all programs.

Goal 1: Licensing & Testing

Ensure that all applicants and licensees meet minimum qualifications to provide construction services.

- 1.1 Assess barriers to licensure for women and minorities and create an outreach plan to community colleges, construction management programs, labor unions, and workforce development groups to increase licensee diversity and create a better understanding of applicants and licensees.

Ongoing: Workshops or Surveys

- 1.2 Study and appraise existing and prospective reciprocity agreements to determine if they are needed; and if so, whether qualifying criteria for reciprocity agreements be updated or codified legislatively.

June 2023

- 1.3 Continue automating and streamlining all online application, licensing, and examination processes to improve processing efficiency.

December 2024

- 1.4 Assess and report on how to incorporate new and emerging technologies into the licensure process to ensure licensees continue to represent reliability in contracting excellence.

Ongoing: Presentation to Board summer 2022

- 1.5 In partnership with Public Affairs, streamline and eliminate jargon on CSLB licensing webpages, handouts, publications, and forms to reduce user confusion and processing times.

December 2022 and ongoing

- 1.6 Complete exam administration outsource transition and assess remote testing options.

September 2022

Goal 2: Enforcement

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

- 2.1 Leverage current enforcement tools (letters of admonishment and accusations) to increase licensee and business knowledge by requiring contractors subject to CSLB corrective action to take specified courses.

July 2022

- 2.2 Research the scope of unlicensed practice, evaluate allocated enforcement resources, and meet with industry stakeholders to review enforcement strategies.

July 2022: Prepare scope of work for hiring consultant and present to Enforcement Committee

- 2.3 Coordinate educational workshops with agency partners to assist applicants and licensees in complying with contractors' state license law (CSLL) and other business requirements.

March 2022: Presentation to Joint Enforcement Strike Force

July 2022: Present education plan to Enforcement Committee

- 2.4 Review and create a structured enforcement training program with enforcement academy to achieve statewide investigation and legal action consistency.

July 2023

- 2.5 Research the need to establish a public works enforcement unit to perform outreach to awarding agencies and coordinate public works investigations with compliance groups and government entities to enforce CSLL requirements.

July 2022: Presentation to Enforcement Committee

- 2.6 Continue to enforce workers' compensation insurance requirements to protect consumers and workers and scrutinize licensees who self-certify they have no employees.

Ongoing

Goal 3: Legislation

Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations.

- 3.1 Host an annual legislative day to build proactive relationships with lawmakers and to enhance effectiveness.

April 2023: Annually thereafter

- 3.2 Review policies, procedures, and current practices for compliance with the Administrative Procedure Act to ensure appropriate decision making.

July 2022: Conduct internal review

- 3.3 Use plain language in all CSLB legislative proposals and bill analyses for better consumer and contractor understanding.

Immediate and ongoing

- 3.4 Pursue legislation requiring workers' compensation insurance for all contractors to protect consumers and workers.

September 2022

- 3.5 Identify and include fiscal impacts for the Board's consideration in all legislative proposals and bill analyses.

Immediate and ongoing

- 3.6 Review and collaborate with local and state government to determine if CSLB's hazardous and asbestos certification remain viable and are effective in protecting consumers in declared disaster areas.

July 2023

Goal 4: Public Affairs

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.

- 4.1 Expand CSLB's online presence through both standard platforms and emerging technologies to improve effectiveness in educating consumers and the industry.

Ongoing

- 4.2 Establish a CSLB-specific new board member orientation to educate board members about legislative processes, licensing and testing functions, and enforcement procedures.

January 2023

- 4.3 Update the website content, accessibility, and navigation to improve the user experience.

Immediate and ongoing

- 4.4 Develop video tutorials on processes and procedures to reduce consumer, licensee, and applicant errors (for example, how to complete forms).

Ongoing: Two videos per year beginning in 2022

- 4.5 Develop communications with C-20 (Warm-Air Heating, Ventilating and Air-Conditioning) and C-38 (Refrigeration) contractors on energy work in line with Governor Newsom's carbon reduction goals.

December 2022

Goal 5: Executive: Administration and Information Technology

Enhances organizational effectiveness and improves the quality of service in all programs.

5.1 Regularly report to the Board on IT security to protect and secure CSLB sensitive data.

Ongoing

5.2 Research and develop tools in addition to existing annual surveys that will provide the Board and staff with feedback on the public's perception of staff performance and customer service.

July 2022

5.3 Replace the automated phone system to ensure callers can speak to a representative in a timely fashion.

March 2023

5.4 Improve staff recruitment, onboarding, and training/team building for staff development.

July 2022

5.5 Evaluate applicant and licensee online logins or profiles to help tailor the content to the user, track submissions/interactions, etc.

December 2022: Procure product

December 2023: Implementation

Strategic Planning Process

To understand the environment in which the Board operates and to identify factors that could impact the Board's success, the California Department of Consumer Affairs' SOLID Planning unit (SOLID) conducted an environmental scan of the internal and external environments by collecting information through the following methods:

- Interviews were conducted with board members and executive management during the months of June and July 2021, to assess the challenges and opportunities the Board is currently facing or will face in the upcoming years.
- Online surveys were sent to board managers, supervisors, and staff on June 7, 2021, closing on June 21, 2021. In the survey, board managers, supervisors, and staff provided anonymous input regarding the challenges and opportunities the Board is currently facing or will face in the upcoming years. A total of 51 staff and eight managers and supervisors participated in the survey.
- An online survey was sent to board stakeholders the second week in June and closed on June 21, 2021. The survey's purpose was to identify the strengths and weaknesses of the Board from an external perspective. A total of 363 stakeholders completed the survey.

The most significant themes and trends identified from the environmental scan were discussed by the board members and the executive officer during a strategic planning session facilitated by SOLID Planning on September 22, 2021. This information guided the Board in the review of its mission, vision, and values while directing the strategic goals and objectives outlined in its new strategic plan.