

MARCH 21, 2023
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Teleconference
Board Meeting





CONTRACTORS STATE LICENSE BOARD

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STATE OF CALIFORNIA

Governor Gavin Newsom

NOTICE OF PUBLIC TELECONFERENCE BOARD MEETING

March 21, 2023, 8:00 a.m. – 11:00 a.m. (or until the conclusion of business)

Pursuant to the statutory provisions of Government Code section 11133 and Executive Order N-1-22, neither a public location nor teleconference locations are provided.

Teleconference Information to Register/Join Meeting for Members of the Public via WebEx:

WebEx Link:

<https://cslb.webex.com/cslb/j.php?MTID=m588ec2b70b9765eb98a22190527caff1>

Event password: XBkrDu9C27F (92573892 from phones)

Join by phone

(844) 621-3956 United States Toll Free

(415) 655-0001 US Toll

Access code: 255 842 26790#

The meeting will also be live webcast (with an approximate 30 second delay). Links are available at the end of this agenda.

Meetings are open to the public except when specifically noticed otherwise in accordance with the Open Meeting Act. All times when stated are approximate and subject to change without prior notice at the discretion of the Board unless listed as “time certain.” Items may be taken out of order to maintain a quorum, accommodate a speaker, or for convenience. **Action may be taken on any item listed on this agenda, including information-only items.** The meeting may be canceled without notice.

Members of the public can address the board during the public comment session. Public comments will also be taken on agenda items at the time the item is heard and prior to the Board taking any action on said items. Total time allocated for public comment may be limited at the discretion of the board chair.

Members of the public may, but are not obligated to, provide their names or personal information as a condition of observing or participating in the meeting. When signing into the WebEx platform, participants may be asked for their name and email address. Participants who choose not to provide their names will need to provide a unique identifier such as their initials or another alternative, so that the meeting moderator can identify individuals who wish to make public comment; participants who choose not to provide their email address may utilize a fictitious email address like in the following sample format: XXXXX@mailinator.com.

MEETING AGENDA

- A. Call to Order, Roll Call, Establishment of Quorum, Chair's Introduction and Appointment and Nomination of Committee Members
- B. Public Comment for Items Not on the Agenda and Future Agenda Item Requests
(Note: Individuals may appear before the CSLB to offer comment on items not on the meeting agenda; however, the CSLB can neither discuss nor take official action on matters brought before the Board by members of the public at the same meeting (Government Code sections 11125, 11125.7(a)).
- C. Recognition – May Include Oral Presentations Commemorating Staff and Members of the Public
- D. Executive
 - 1. Review and Possible Approval of the December 8, 2022, Board Meeting Minutes
 - 2. Review and Possible Approval of the February 16, 2023, Licensing and Legislative Committee Meetings Summary Reports
 - 3. Registrar's Report
 - a. Tentative Board Meeting Schedule
 - b. 2022 Activities and Accomplishments Report
 - c. Disaster Response
 - d. Update on Efforts to Retain Consultant(s) to Research the Scope of Unlicensed Practice and Resource Needs; and Perform a Special Investigator Workload Study
 - 4. CSLB Budget Update
 - 5. Administration Update Regarding Personnel and Facilities
 - 6. Information Technology Update (Special Presentation on Program Automation)
 - 7. Update, Review, Discussion and Possible Action on 2022-24 Administration and Information Technology Strategic Plan Objectives
- E. Licensing
 - 1. 2022 Activities and Accomplishments Report
 - 2. Licensing and Testing Program Statistical Update
 - 3. Business and Professions Code Section 7068.1 Overview – Criteria for Qualifying Additional Licenses

F. Enforcement

1. 2022 Activities and Accomplishments Report
2. Enforcement Program Statistical Update
3. Update on the Solar Energy System Restitution Program

G. Public Affairs

1. 2022 Activities and Accomplishments Report
2. Public Affairs Update
3. Update, Review, Discussion and Possible Action on 2022-24 Public Affairs Strategic Plan Objectives

H. Legislation

1. 2022 Activities and Accomplishments Report
2. Review, Discussion, and Possible Action on Legislative Proposal to Remove the Duty Statement Requirement from Business and Professions Code Section 7068.1
3. Review, Discussion, and Possible Action on Legislative Proposal to Require Performance and Payment Bonds to Perform Residential Construction Following a Declared State of Emergency
4. Review, Discussion, and Possible Action on Legislative Proposal to Apply a Three-Year Statute of Limitations to Violations for Allowing Fraudulent Use of a Contractor License
5. Review, Discussion, and Possible Action on Legislative Proposal to Establish a PACE Restitution Fund at the Contractors State License Board
6. Update, Review, Discussion and Possible Action on 2022-24 Legislative Strategic Plan Objectives
7. Review, Discussion, and Possible Action on 2023-24 Pending Legislation
 - a. AB 336 (Cervantes) – Contractors: workers' compensation insurance.
 - b. AB 1204 (Holden) – Contractors: contracts: restrictions.
 - c. AB 1383 (Ortega) – Contractors: discipline: noncompliance with child support obligations.
 - d. SB 630 (Dodd) – Contractors State License Board: regulation of contractors.

I. Adjournment

Note: The Board intends to provide a live webcast of the meeting. Please be aware there will be an approximate thirty (30) second delay in the webcast.

The webcast can be found at www.cslb.ca.gov or on the board's YouTube Channel: <https://www.youtube.com/user/ContractorsBoard/>. Webcast availability cannot be guaranteed due to limitations on resources or technical difficulties. The meeting will not be cancelled if webcast is not available. Meeting adjournment may not be webcast if adjournment is the only item that occurs after a closed session.

The meetings are accessible to those needing special accommodation. A person who needs a disability-related accommodation or modification in order to participate in the meetings may make a request by calling (916) 255-4000, or emailing Mariah.Rovera@cslb.ca.gov, or mailing a request for an accommodation to: Contractors State License Board, 9821 Business Park Drive, Sacramento, CA, 95827. Providing your request at least five business days prior to the meetings will help ensure availability of the requested accommodation.

Instructions for Public Participation in CSLB Teleconference Meeting

The instructions below are for members of the public who want to participate in CSLB's upcoming teleconference meeting, being held via Cisco WebEx. The registration link is on the meeting agenda. There are two ways for you to participate:

1. With Computer, Tablet, or Smart Phone with WebEx
2. With Telephone, not over WebEx

Instructions for each are outlined below.

Please note: In order to participate with a computer, tablet, or smart phone you may need to install a software program. If registering before the meeting, please load this on your computer, tablet, or smart phone at that time. If not, please join at least 15-30 minutes before the meeting starts to give you time to do this.

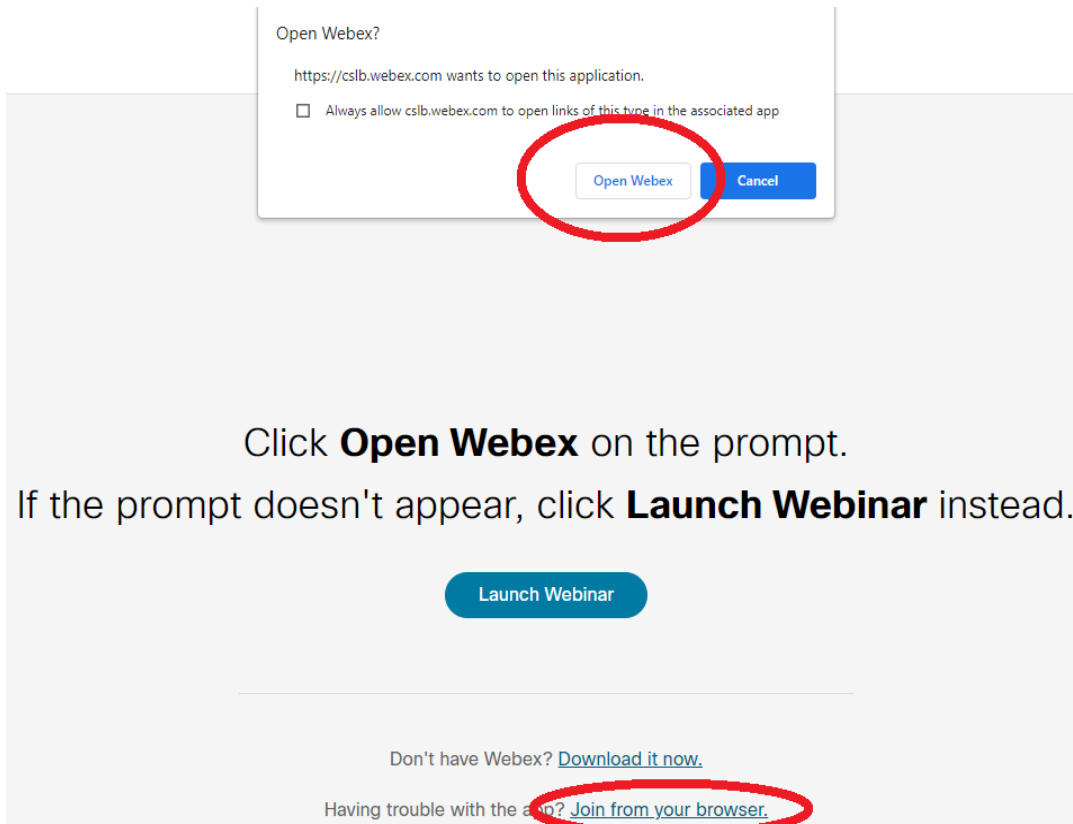
You also will find specifics on how to offer public comment below.

To Watch Meeting & Participate with Computer, Tablet, or Smart Phone with WebEx

This option will provide you live "real time" audio and video of the meeting.

You can join within 30 minutes of the meeting's start time or while the meeting is in progress:

1. Click on the link provided on the meeting agenda. You will be prompted to either use the WebEx application, or you can choose to join the meeting in your web browser.



2. Once you've made your selection, enter a name and email address in the appropriate fields.

Please note that the name and email address **do not** have to be your real identity. But, the meeting host will use the name you enter to let you know when it is your turn to speak during the meeting. So, if you use a different name to identify yourself, be sure to remember that name when you are called upon to speak.

3. When joining the meeting, you will choose how you want to get audio. Your choices are: Through your computer; have WebEx call your phone; or you call WebEx. The phone numbers and meeting access code are provided on the meeting agenda.

To Join with Telephone (Not over WebEx)

Call one of the two phone numbers provided on the meeting agenda. Enter the meeting access code when prompted.

To Offer Public Comment During the Meeting

There will be a public comment section during the meeting. The public also will have the opportunity to offer comment during each agenda item.

For those listening to phone and not on WebEx

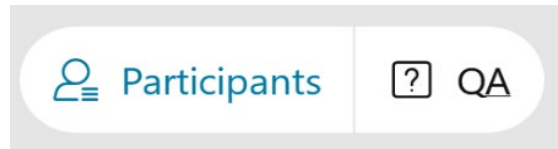
If you want to offer public comment, press *3 on your phone to raise your hand. You'll hear the prompt, "You have raised your hand to ask a question. Please wait to speak until the meeting host calls on you." If you no longer want to comment, or after the host calls upon you, press *3 again to lower your hand. You will hear a message, "You have lowered your hand."

When the host calls on you to offer your comment, your line will be unmuted, and you will be able comment. At the end of your comment, or when your allotted time ends, the line will again be muted. During the meeting, the chair will announce the time to be allotted for each public comment.

For those on WebEx with Computer, Tablet, or Smart Phone

Throughout the meeting, any members of the public may indicate they would like to offer comment on a specific agenda item.

Be sure to activate your Q&A feature at the bottom right of your screen.



If you would like to offer public comment on a specific agenda item, send the host a message at any time during that item stating:

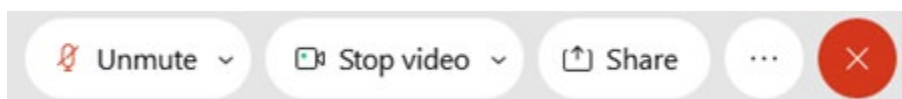
“I would like to make a comment on this item.”

The host will call on the public in the order requests are received. When it is your turn, the host will announce your name, or the name you indicated when you registered, and will unmute your line, allowing you to make your public comment.

At the end of your comment, or when your allotted time ends, the line will again be muted. During the meeting, the chair will announce the time allotted for each public comment. The host will note this in the chat as well.

Leaving the Meeting

At either the conclusion of the meeting, or anytime you wish to leave, you can do so by clicking on the red circle with X in it at the bottom of your screen. After confirming, you will be disconnected from the meeting.



For those calling in on telephone without WebEx, simply hang up.

ADDITIONAL ASSISTANCE

- **WebEx Troubleshooting Info**
<https://help.webex.com/en-us/WBX9000018881/Troubleshooting-Meetings>

- **WebEx Guide for Setting Up Your Audio**

<https://help.webex.com/en-us/nt2ig0y/Choose-Your-Audio-and-Video-Settings-Before-You-Join-a-Webex-Meeting-or-Event-Slow-Channel>

Thank you for your interest in participating in a CSLB teleconference meeting.



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I. Adjournment	

AGENDA ITEM A

Call to Order, Roll Call, Establishment of Quorum, Chair's Introduction and Appointment and Nomination of Committee Members

Roll is called by the Board Chair or, in his/her absence, by the Board Vice Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

Board Member Roster

RODNEY M. COBOS

DAVID DE LA TORRE

MIGUEL GALARZA

SUSAN GRANZELLA

ALAN GUY

JACOB LOPEZ

DIANA LOVE

MICHAEL MARK

STEVEN PANELLI

JAMES RUANE

JOHNNY SIMPSON

MARY TEICHERT



AGENDA ITEM B

Public Comment for Items Not on the Agenda & Future Agenda Item Requests

(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)). Public comments will be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

BOARD AND COMMITTEE MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board should not receive any substantive information from a member of the public regarding matters that are currently under or subject to investigation, or involve a pending administrative or criminal action.

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be requested to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action:
 - (a) The Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board once the matter is no longer pending; or,
 - (b) If the matter involves complaints against the Registrar, once the matter is final or no longer pending, the Board may proceed to hear the complaint in accordance with the process and procedures set forth in Government Code section 11126(a).
- (3) If a person becomes disruptive at the Board meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.



AGENDA ITEM C

Recognition – May Include Oral
Presentations Commemorating
Staff and Members of the Public



AGENDA ITEM D

Executive



AGENDA ITEM D-1

Review and Possible Approval of the December 8, 2022, Board Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

Board Meeting Minutes

A. Call to Order, Roll Call, Establishment of Quorum, and Chair’s Introduction

Board Chair Mary Teichert called the meeting of the Contractors State License Board (CSLB) to order on December 8, 2022, at 12:04 p.m. at Contractors State License Board Headquarters, 9821 Business Park Drive, Sacramento, CA 95827, and San Francisco Water – Contractors Assistance Center, 150 Executive Park Boulevard, Suite 1300, San Francisco, CA 94134.

Board Secretary Michael Mark led the Board in the Pledge of Allegiance. A quorum was established.

Board Members Present

- | | |
|----------------------|----------------|
| Mary Teichert, Chair | Diana Love |
| David De La Torre | Michael Mark |
| Miguel Galarza | Steven Panelli |
| Susan Granzella | James Ruane |
| Alan Guy | Johnny Simpson |
| Jacob Lopez | |

Board Member Rodney Cobos had an approved absence.

CSLB Staff Present

- | | |
|---|--|
| David Fogt, Registrar | Katherine White, Chief of Public Affairs |
| Michael Jamnetski, Chief Deputy Registrar | Mariah Rovera, Executive Staff |
| Steve Grove, Chief of Enforcement | |
| Jason Perez, Chief of IT | |
| Mike Melliza, Chief of Administration | |
| Foad Gharahgozlou, Chief of Licensing | |

DCA Staff Present

- John Cumming, DCA Legal
- Christopher Pirrone, DCA Legal

B. Public Comment

James Alvarez voiced their concerns regarding licensing policies in the state and had proposals for optimization current policies. James Alvarez voiced their concerns with SB 216 (Dodd, Chapter 978, Statutes of 2022) and SB 607 (Min, Chapter 367, Statutes of 2021).



C. Recognition

Board Chair Teichert recognized CSLB staff member Pedro Duenas of the CSLB Testing Examination Development Unit. Duenas has been with the Examination Development Unit since 2017, helping manage the development of 10 to 14 trade examinations. Duenas recently completed the development of the new C-49 Tree and Palm classification.

Board Member Comment:

Chair Teichert thanked Duenas for their effective work and emphasized the importance of the new classification.

Board member Diana Love thanked Duenas for their efficient and important work.

Public Comment:

There were no public comments.

D. Executive

1. Review and Possible Approval of the August 30 & 31, 2022, Board Meeting Minutes

Chair Teichert asked for Board member edits to the August 30 & 31, 2022, Board Meeting Minutes. No edits were suggested by the Board.

Motion: To approve the August 30 & 31, 2022 Board Meeting Minutes. Moved by Michael Mark; David De La Torre seconded. Motion carried.

BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Mary Teichert, Chair	✓				
Rodney Cobos			✓		
David De La Torre	✓				
Miguel Galarza	✓				
Alan Guy	✓				
Susan Granzella	✓				
Jacob Lopez	✓				
Diana Love	✓				
Michael Mark	✓				
Steve Panelli	✓				
Jim Ruane				✓	
Johnny Simpson	✓				



Board Member Comment:

There was no comment.

Public Comment:

There was no public comment.

2. Registrar’s Report

- a. Disaster Response Modernization Plan**
- b. Enforcement Workload Study Proposal**

Registrar David Fogt summarized their meeting with State Senate Majority Leader Mike McGuire regarding opportunities for their office to assist CSLB with disaster response and enforcement and legislative issues. Registrar Fogt provided staff recommendation, to hire two consultants: 1) Strategic Objective 2.2 – Research the scope of unlicensed practice and resource needs; 2) Perform an Enforcement workload study. Two motions were presented to the Board.

Board Member Comment:

Board Member Michael Mark said they appreciate the leadership understanding the need for two separate consultants. Member Mark asked if this study would be the same line-item budget as the original study.

Chief Deputy Registrar Michael Jamnetski said yes, it would be the same line item.

Public Comment:

There was no public comment.

Motion: Amend the Board motion made August 30, 2022, as follows: Authorize the expenditure of up to \$75,000 to hire a private consultant to: Research the scope of unlicensed practice, review resource needs to address unlicensed practice, and review resource needs to respond to declared disasters. Moved by Michael Mark; seconded by Diana Love. Motion carried.

BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Mary Teichert, Chair	✓				
Rodney Cobos			✓		
David De La Torre	✓				
Miguel Galarza	✓				
Alan Guy	✓				
Susan Granzella	✓				
Jacob Lopez	✓				
Diana Love	✓				
Michael Mark	✓				



BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Steve Panelli	✓				
James Ruane	✓				
Johnny Simpson	✓				

Motion: Authorize the expenditure of up to \$100,000 to hire a private consultant to perform a Special Investigator workload study. Moved by Susan Granzella; seconded by James Ruane. Motion carried.

BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Mary Teichert, Chair	✓				
Rodney Cobos			✓		
David De La Torre	✓				
Miguel Galarza	✓				
Alan Guy	✓				
Susan Granzella	✓				
Jacob Lopez	✓				
Diana Love	✓				
Michael Mark	✓				
Steve Panelli	✓				
James Ruane	✓				
Johnny Simpson	✓				

Board Member Comment:

Member Mark wanted to clarify that the goal will be to hire a consultant for \$50,000 if possible.

Registrar Fogt said the goal would be to get it done close to the \$50,000 range if possible but if absolutely necessary spend up to \$100,000.

Chair Teichert stated they agree with the general sentiment of spending less money and being prudent with CSLB resources and emphasized the need to get a solid, reliable study.

Public Comment:

There was no public comment.

3. CSLB Budget Update

Chief Deputy Registrar Jamnetski introduced the CSLB Budget Update on page 45 of the Board packet. They explained the first page summarizes the projected budget and expenditures for fiscal year 22/23. Chief Deputy Registrar Jamnetski highlighted the Board’s revenue increase of 21% over the prior year due to the new fee increase that was implemented in January 2022 and mentioned the first quarter reflects the license population is staying stable and not declining.



Board Member Comment:

Member Susan Granzella mentioned a few years ago CSLB had an alarmingly small reserve and commended Budget Manager Stacey Paul for their work to build up the CSLB reserve. Member Granzella also asked if the \$7.1 million expenditures and reductions were in the budget today and are there other expenses CSLB would need to anticipate.

Registrar Fogt stated the Board's \$7.1 million reduction goal was achieved and continued reduction is no longer needed because of the fee increase.

Member Mark commended Manager Paul for their work regarding the budget and mentioned they would like to see a six-month reserve eventually.

Public Comment:

Blanca Gomez, city council member in the County of San Bernardino, commented on the need for CSLB to provide Spanish resources for licensing, testing, licensing application requirements. Gomez highlighted the importance to make CSLB study guides and training resources available in Spanish to ensure Spanish-speaking applicant success in obtaining a contractor's license.

4. Administration Update Regarding Personnel and Facilities

Chief of Administration Mike Melliza introduced the CSLB Administration Update on page 54 of the Board packet. Chief Melliza provided transaction, vacancy, and employee recruitment updates from the Personnel Unit. Chief Melliza highlighted CSLB's participation in a job fair at B.T. Collins U.S. Army Reserve Center in Sacramento in partnership with the Employment Development Department (EDD) on November 8, 2022. Chief Melliza also provided facility and contract and procurement updates from the Business Services Unit, including the notable closures of CSLB test centers in Norwalk, San Jose, San Bernardino, and San Diego.

Board Member Comment:

Member Mark asked if the vacancy rate will return to the FY 2019-20 level.

Chief Melliza said that CSLB is working very hard to lower the vacancy levels with proactive activities, partnering with EDD and CalHR for job fairs, especially in underrepresented communities, but currently it is a challenging job market.

Public Comment:

There was no public comment.



5. Information Technology Update

Chief of Information Technology Jason Perez introduced the CSLB IT Update on page 61 of the Board packet. Chief Perez highlighted IT's next business modernization project, the ability for applicants to submit Sole Owner license applications online. Chief Perez also emphasized CSLB's commitment to security and highlighted the next generation virtual private network (VPN) that will encrypt all network traffic.

Board Member Comment:

There was no comment.

Public Comment:

There was no public comment.

E. Enforcement

1. Review, Discussion and Possible Action on Enforcement Strategic Objective 2.2 Regarding Researching the Scope of Unlicensed Practice and Evaluation of Enforcement Resources

Enforcement Committee Chair Michael Mark informed the Board that agenda item E-1 was previously covered in the Registrar Report (D-2).

2. Enforcement Program Update

Committee Chair Mark provided a brief staff vacancy update, stating Enforcement Division had 26 vacant positions as of November 3, which is a vacancy rate of 11 percent. Eight of the vacant positions had candidates selected and pending approval for hire.

Committee Chair Mark provided two recent investigative highlights from the Enforcement Division. The first case involved Eco Technology and their scheme to defraud multiple homeowners in the greater Los Angeles area. The second case involved Jay Soderling of Aurora Ridge Homes and their indictment by the Butte County District Attorney's Office that included contracting without a license in a declared disaster area. Soderling allegedly defrauded multiple survivors of the 2018 Camp Fire in Paradise, California.

Committee Chair Mark summarized the Enforcement Division's complaint handling and the Statewide Investigative Fraud Team (SWIFT) statistics. Committee Chair Mark also highlighted two training programs that were attended by CSLB investigators, one event was hosted by the National Association of State Contractors' Licensing Association (NASCLA) and the other was provided by the Council on Licensure, Enforcement and Regulation.



Board Member Comment:

There were no comments.

Public Comment:

There were no public comments.

3. Update on the Joint Agency Solar Task Force

Committee Chair Mark explained the Joint Agency Solar Task Force is composed of CSLB, the California Public Utilities Commission (CPUC), and the Department of Financial Protection and Innovation (DFPI). The group is focused on preventative outreach and education of solar consumers and the solar industry. Committee Chair Mark provided a summary of CSLB accomplishments in the last 30 days: placing an alert on the CSLB website regarding contract payment restrictions, issuing an industry bulletin reminding contractors of home contract requirements and issuing a press release announcing that a CSLB investigation resulted in three people being charged with burglary, grand theft, and diversion of construction funds.

Board Member Comment:

There were no comments.

Public Comments:

There were no public comments.

4. Update on the Solar Energy System Restitution Program

Committee Chair Mark provided a summary of the Solar Energy System Restitution Program (SESRP) and the recent workgroup meeting that was held by PG&E regarding SESRP funds current condition. Committee Chair Mark also provided a statistical summary of the fund.

Registrar Fogt explained with the current number of open claims may expend the balance of the restitution fund and CSLB would not be accepting new claims after December 31, 2022, to ensure that there would be funds to pay restitution to claims that have already been received.

Committee Chair Mark mentioned that success of solar restitution program had created outside interest in creating a fund for consumers who were financially harmed due to projects funded through the Property Assessed Clean Energy (PACE) program. They explained Senator Robert Hertzberg and five assemblymembers have requested a fund budget of \$65 million.

Public Comment:

Stacey Tutt, attorney with National Housing Law Group and a member of Clean Energy Justice Coalition, mentioned a budget request for a PACE restitution fund was



submitted this year seeking \$60 million in restitution and \$5 million to help with the administration of the fund.

An unidentified commenter through the WebEx chat expressed that “the down payment needs to change depending on the project, no 10 percent or \$1,000.”

Registrar Fogt stated that on residential property, the down payment is restricted to \$1,000 or 10 percent but can’t exceed \$1,000. A problem in the solar industry is the proceeding progress payment, after the down payment, being up to 75 percent of the contract price.

Committee Chair Mark mentioned that CSLB is looking for new sting houses. Member Mark also commented that they attended the Enforcement supervisors meeting with all the program managers and supervisors and enjoyed the lively conversation.

Board Member Comment:
There were no comments.

F. Licensing

1. Review, Discussion and Possible Action to Grant Construction Management Education Account Awards

Licensing Committee Chair James Ruane announced the staff recommendation for the 2023 Construction Management Education Account disbursement.

Motion: Authorize the CMEA grant disbursements for 2023. Move by Miguel Galarza; seconded by David De La Torre. Motion carried.

BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Mary Teichert, Chair	✓				
Rodney Cobos			✓		
David De La Torre	✓				
Miguel Galarza	✓				
Alan Guy	✓				
Susan Granzella	✓				
Jacob Lopez	✓				
Diana Love	✓				
Michael Mark	✓				
Steve Panelli	✓				
James Ruane	✓				
Johnny Simpson	✓				

Board Member Comment:
There were no comments.



Public Comment:

There were no public comments.

2. Review, Discussion and Possible Action on Licensing & Testing Strategic Plan Objective 1.1 Regarding Assessing Barriers to Licensure and Outreach to Increase Licensing Diversity

a. Review and Discussion Regarding Document Translation

Committee Chair Ruane explained CSLB is working with vendors to increase access for candidates who are more comfortable using Spanish than English and has translated all 47 CSLB study guides into Spanish. The study guides will be made available on the CSLB website mid-January. Committee Chair Ruane also highlighted the work with the IT Division and PSI Exams to translate 8 exams into Spanish by late spring of 2023, exams include the Law and Business Exam and seven trade exams.

b. Review and Discussion Regarding Possible Need for Regulatory Rulemaking Regarding Translator Restrictions

Committee Chair Ruane explained applicants may bring an approved translator to PSI Exams to provide oral translation of CSLB Law and Trade examinations. Committee Chair Ruane stated the Licensing Division is reviewing the current translator form to determine if there is a need to draft regulations to implement examination security requirements without being overly restrictive of translation services. The Licensing Division will present a plan or possible translator form revisions to the Licensing Committee for consideration.

Board Member Comment:

Member Love asked if the Board would be addressing the translator restrictions at the current meeting.

Registrar Fogt stated that the form is currently under review and recommendations will be made at the next Licensing Committee meeting or the Board meeting in March 2023.

Public Comment:

There were no public comments.

3. Licensing and Testing Program Update

Committee Chair Ruane introduced the Licensing and Testing Program Update and statistical summary on page 98 of the Board packet. Committee Chair Ruane provided processing times, license issuance and renewal updates, highlighting the over 18%



increase of issued licenses. They also explained the renewal processing times are currently less than one week due in part to online renewal services.

Committee Chair Ruane informed the Board that as of January 1, 2023, per Senate Bill 216, the following classifications now require workers' compensation insurance; C-8 – Concrete, C-20 – Warm-Air Heating, Ventilating and Air-Conditioning, D-49 – Tree Service and C-22 – Asbestos Abatement. On November 1, 2022, CSLB mailed 28,594 notification letters to the licensees that hold these classifications.

Examination Development Manager Carol Gagnon provided a summary of Consumer Satisfaction and Applicant Surveys from July 2021 to June 2022. Manager Gagnon explained these surveys are emailed to consumers whose complaints have been closed and applicants whose license was recently issued.

Board Member Comment:

There were no comments.

Public Comment:

Vince Cefalu, Old Republic Surety Company, had questions regarding bond processing times, the new bond form, and the availability of the new form for surety companies.

Chief of Licensing Foad Gharahgozlou explained the bond current processing times and requested Cefalu provide their contact information in the chat and CSLB would reach out directly.

Call-in #7 (no identification was provided) suggested making more Licensing resources available in Spanish. The Latinx community needs Spanish literature to help remove barriers to licensure.

G. Public Affairs

1. Public Affairs Update

Public Affairs Committee Chair Alan Guy presented the Public Affairs Update on page 144 of the Board packet. Committee Chair Guy provided updates regarding Public Affairs disaster response, video production and social media outreach. They highlighted the monthly production of "Get Licensed to Build" webcasts in English and Spanish and the promotion of the videos on all CSLB social media accounts. Committee Chair Guy also mentioned the Public Affairs Office's work with California legislators on consumer and Senior Scam Stopper workshops.

Board Member Comment:

There was no comment.

Public Comment:

Jason (WebEx Call-in) had concerns about the new bond requirements.



2. Review, Discussion and Possible Action of Public Affairs Strategic Objective 4.4 Regarding the Development of Video Tutorials for Consumers, Applicants and Licensees

Chief of Public Affairs Katherine White presented the two videos that CSLB Television Specialist Amy Lawrence developed in 2022; “CSLB Quick Tips: Renew Your License Online” and “CSLB Quick Tips: Gardeners vs. Landscapers” (*video was presented in Spanish*). Chief White explained the Public Affairs Office continues to develop and update videos for licensees and consumers.

Board Comment:

Member Mark stated they thought the video was very well produced.

Public Comment:

There were no public comments.

3. Review, Discussion and Possible Action of Public Affairs Strategic Objective 4.5 Regarding Contractors on Energy Work in Line with Carbon Reduction Goals

Chief White informed the Board that CSLB was planning an industry stakeholder meeting by the end of the year with C-20 and C-36 stakeholders to discuss emerging technologies, possible need for classification regulatory updates and consumer/industry outreach opportunities and to review enforcement compliance strategies.

Board Member Comment:

There were no comments.

Public Comment:

There were no public comments.

H. Legislation

1. Review, Discussion, and Possible Action of 2023-24 Legislative Proposals

a. Authority to Automatically Reimpose License Revocation for Failure to Complete Terms and Conditions of Probation

Legislative Committee Chair Miguel Galarza provided the Legislative Update on page 163 of the Board packet.

Committee Chair Galarza explained that at the August 2022 meeting, the Board approved the Enforcement Committee’s recommendation to request a legislative



proposal authorizing CSLB to automatically revoke a license subject to a formal disciplinary order if the receiving respondent does not complete a specified instructional course.

Motion: Approve sponsorship of a legislative proposal that would codify CSLB’s existing disciplinary probation authority in CSLB’s practice act and provide that failure to complete probation by taking specific courses or examination results in reimposing revocation. Further authorize staff to secure a legislative author and work with the proposal language and stakeholders as appropriate to facilitate the passage of the described proposal through the legislature. Moved by David De La Torre; seconded by Alan Guy. Motion carried.

BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Mary Teichert, Chair	✓				
Rodney Cobos			✓		
David De La Torre	✓				
Miguel Galarza	✓				
Alan Guy	✓				
Susan Granzella	✓				
Jacob Lopez	✓				
Diana Love	✓				
Michael Mark	✓				
Steve Panelli	✓				
James Ruane	✓				
Johnny Simpson	✓				

Board Member Comment:

There were no comments.

Public Comment:

There were no public comments.

b. Authority to Require Applicants and Licensees to Report their Current Email Address to the Board at the Time of Application and Renewal

Committee Chair Galarza explained CSLB is transitioning to provide applicants and licensees the ability to perform transactions online and provide important updates, notices, and bulletins by listserv email notification. Committee Chair Galarza added that CSLB proposal is based on a recent bill, Senate Bill 1120, which required licensees provide email addresses to the Board of Professional Engineers, Land Surveyors and Geologists, alongside the California Land Surveyors Association.

Board Member Comment:

Chair Teichert asked if it would be beneficial fiscally to not have to mail items or would CSLB still mail and email the information.



Chief Deputy Jamnetski said CSLB would draft policy on what would be sent out via email and what information would still be sent through the mail.

Motion: Approve sponsorship of a legislative proposal to require license and registration holders to provide email addresses, if available, at the time of initial licensure and renewal to the Board. Further authorize staff to secure a legislative author and work with the proposal language and stakeholders as appropriate to facilitate the passage of the described proposal through the legislature. Moved by David De La Torre; seconded by Steven Panelli. Motion carried.

BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Mary Teichert, Chair	✓				
Rodney Cobos			✓		
David De La Torre	✓				
Miguel Galarza	✓				
Alan Guy	✓				
Susan Granzella	✓				
Jacob Lopez	✓				
Diana Love	✓				
Michael Mark	✓				
Steve Panelli	✓				
James Ruane	✓				
Johnny Simpson	✓				

Board Member Comment:

Member David De La Torre stated they believed this would be very cost effective and prudent to delivering important information to licensees.

I. Closed Session

Board Chair Teichert stated the Board would move into closed session to conduct an evaluation of the performance of the registrar.

Chair Teichert explained the Board would return from closed session to adjourn, but the adjournment would not be livestreamed.

J. Adjournment

Board Chair Teichert adjourned the Board meeting at approximately 3:00 p.m.

AGENDA ITEM D-2

Review and Possible Approval of the February 16, 2023, Licensing and Legislative Committee Meetings Summary Reports





CONTRACTORS STATE LICENSE BOARD

LICENSING COMMITTEE MEETING SUMMARY REPORT

A. Call to Order, Roll, Establishment of Quorum and Chair's Introduction

Licensing Committee Chair James Ruane call the meeting of the Contractors State License Board (CSLB) Licensing Committee to order on February 16, 2023, at 9:00 a.m. via WebEx teleconference. A quorum was established.

Committee Members Present

James Ruane, Chair
David De La Torre
Miguel Galarza
Diana Love
Johnny Simpson

Steven Panelli had an approved absence.

CSLB Staff Present

David Fogt, Registrar
Michael Jamnetski, Chief Deputy Registrar
Foad Gharahgozlou, Chief of Licensing
Yeaphana La Marr, Chief of Legislation
Jason Perez, Chief of IT
Mike Melliza, Chief of Administration

Steve Grove, Chief of Enforcement
Katherine White, Chief of Public Affairs
Hal Clay, Classification Deputy
Americo Garcia, Public Affairs Manager
Stacey Paul, Budgets Manager
Mariah Rovera, Executive Staff

DCA Staff Present

Kristy Schieldge, DCA Legal Counsel

Members of the Public Present

Aaron Barnaby
Aaron Stockwell
Anna Carno
Audrey Thornton, Housing and Economic
Rights Advocates
Bradly Kirk
Bruce Wick
Chelsey Olsen
Chris Peterson
Chris Walker
Craig C. Weaver, Esq.
Matthew Wainwright
Phil Vermeulen, Contractors Licensing
Center

Deborah Wilson
Jennifer Ellingson
Joel Ulloa
Josh Buswell-Charkow, CALSSA

Judie Bucciarelli
Larissa Petrucci
Maria Parra
Martin Herzfeld
Mark Rice
Mary Day
Paul Nagata
Stacey Tutt, NHLP & CEJ
Stephanie Carroll



Richard H Markuson
Rivas Home Improvement
Rob Stoker
Shauna Krause

Victor Velazquez

B. Public Comment

There was no public comment.

C. Review, Discussion, and Possible Action on Legislative Proposal Regarding Information a Qualifying Individual Must Provide Under Business and Professions Code Section 7068.1

Licensing Committee Chair James Ruane introduced agenda item C, located on page 8 of the Committee packet. Chair Ruane stated there were two proposed amendments to Business and Professions Code (BCP) section 7068.1.

Chief of Licensing Foad Gharahgozlou provided an overview of BCP section 7068.1, the statute that governs a license qualifier, including how many licenses a person may qualify, and qualifier duties and responsibilities.

Chief Gharahgozlou explained the first staff recommendation to remove the duty statement requirement and informed the Committee that the potential legislation would be discussed by the Legislative Committee in the next meeting.

Chief Gharahgozlou also explained the second staff recommendation to require an additional contractor license bond of \$25,000 any time an individual wants to qualify an additional entity and the majority of personnel are not the same or the businesses are not subsidiaries of each other. Chief Gharahgozlou confirmed that this was an information only item and potential legislation would be discussed by the Legislative Committee in the next meeting.

Committee Member Comment:

There was no committee member comment.

Public Comment:

Liz Web, a licensee with CSLB, was concerned with the license renewal fee.

Chief Deputy Registrar Michael Jamnetski provided Liz Webb with contact information to address their concerns.

Phil Vermeulen with Contractors Licensing Center, agreed with the staff recommendation to remove the duty statement. Vermeulen stated they do not believe CSLB had the appropriate staffing to accommodate verifying all applicant duty



statements.

D. Review, and Discussion of Licensing Division Classification Determination Process

Committee Chair Ruane introduced agenda item D, located on page 14 of the Committee packet. Chair Ruane stated Contractors State License Board (CSLB) employs a Classification Deputy to respond to classification inquiries from the public and identify new issues relating to emerging technologies in CSLB licensing classifications.

Chief Gharahgozlou stated the Licensing Classification Deputy is CSLB’s primary contact in response to inquiries of licensing and classification matters from the Legislature, license applicants, contractors, building departments, other state agencies and the general public.

Chief Gharahgozlou explained that when classification inquiries do not have a clear answer in CSLB law or regulations, staff will refer the matter to the Executive Office. Chief Gharahgozlou added the matter may then be discussed with stakeholders and considered for public discussion at future Board or Licensing Committee meetings.

Committee Member Comment:

There was no committee member comment.

Public Comment:

There was no public comment.

E. Adjournment

Motion: To adjourn the February 16, 2023, Licensing Committee meeting. Johnny Simpson moved; David De La Torre seconded. The motion carried, 5-0.

BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
James Ruane, Chair	✓				
David De La Torre	✓				
Miguel Galarza	✓				
Diana Love	✓				
Steven Panelli			✓		
Johnny Simpson	✓				

The Licensing Committee adjourned at approximately 9:24 a.m.



CONTRACTORS STATE LICENSE BOARD

LEGISLATIVE COMMITTEE MEETING SUMMARY REPORT

A. Call to Order, Roll, Establishment of Quorum and Chair's Introduction

Legislative Committee Chair Miguel Galarza called the meeting of the Contractors State License Board (CSLB) Legislative Committee to order on February 16, 2023, at 10:02 a.m. via WebEx teleconference. A quorum was established.

Committee Members Present

Miguel Galarza, Chair

David De La Torre

Diana Love

James Ruane

Johnny Simpson

Steven Panelli had an approved absence.

CSLB Staff Present

David Fogt, Registrar

Michael Jamnetski, Chief Deputy Registrar

Foad Gharahgozlou, Chief of Licensing

Yeaphana La Marr, Chief of Legislation

Jason Perez, Chief of IT

Mike Melliza, Chief of Administration

Steve Grove, Chief of Enforcement

Katherine White, Chief of Public Affairs

Hal Clay, Classification Deputy

Americo Garcia, Public Affairs Manager

Stacey Paul, Budgets Manager

Mariah Rovera, Executive Staff

DCA Staff Present

Kristy Schieldge, DCA Legal Counsel

Members of the Public Present

Aaron Barnaby

Aaron Stockwell

Anna Carno

Audrey Thornton, Housing and Economic
Rights Advocates

Bradly Kirk

Bruce Wick

Chelsey Olsen

Chris Peterson

Chris Walker

Craig C. Weaver, Esq.

Matthew Wainwright

Phil Vermeulen, Contractors Licensing
Center

Deborah Wilson

Jennifer Ellingson

Joel Ulloa

Josh Buswell-Charkow, CALSSA

Judie Bucciarelli

Larissa Petrucci

Maria Parra

Martin Herzfeld

Mark Rice

Mary Day

Paul Nagata

Stacey Tutt, NHLP & CEJ

Stephanie Carroll



Richard H Markuson
Rivas Home Improvement
Rob Stoker
Shauna Krause

Victor Velazquez

B. Public Comment

There was no public comment.

C. Review, Discussion, and Possible Action on Legislative Proposal Regarding Information a Qualifying Individual Must Provide Under Business and Professions Code Section 7068.1

Legislative Committee Chair Miguel Galarza introduced agenda item C, located on page 26 of the Committee packet. Chair Galarza stated there were two proposed amendments to Business and Professions Code (BPC) section 7068.1, one staff proposal to amend subdivisions (c) and (d) and an industry proposal that would amend subdivision (a) and (b).

Chief of Legislation Yeaphana La Marr stated the staff proposal would remove a duty statement submission requirement that was added last year by Assembly Bill (AB) 830. Chief La Marr explained CSLB is already authorized to require detailed information on the qualifier's duties to exercise supervision and control over the construction operations and the duty statement requirement creates uncertainty among applicants about documentation requirements for their qualifiers.

Registrar David Fogt provided background on the proposed amendment to BPC section 7068.1 (c) and why CSLB staff have reconsidered pursuing that amendment.

Chair Galarza clarified that the staff recommendation in the Committee packet on page 26 had changed. Chair Galarza explained the motion would be to amend Business and Professions Code section 7068.1 (d) to remove the duty statement requirement.

Committee Member Comment:

Members Johnny Simpson and Diana Love asked for clarification on the staff recommendation to remove the duty statement requirement from BPC 7068.1.

Chief La Marr explained the motion would be to recommend to the full Board the legislative proposal to remove the duty statement submission requirement from BPC section 7068.1 (d). The staff recommendation in the packet, to define the term "firm," would be tabled until staff has had time to do more research into the issue.

Public Comment:

There was no public comment.



Motion: Recommend to the full Board to pursue a legislative proposal to remove the duty statement requirement from Business and Professions Code Section 7068.1. Diana Love moved; David De La Torre seconded. The motion carried, 5-0.

BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Miguel Galarza	✓				
David De La Torre	✓				
Diana Love	✓				
Steven Panelli			✓		
James Ruane	✓				
Johnny Simpson	✓				

Legislative Committee Chair Galarza introduced the second proposal to amend BPC section 7068.1, subdivisions (a) and (b), as well as sections 7071.9 and 7071.10, to expand qualifier bond requirements. Chair Galarza explained this was an industry proposal to require a bond of qualifying individual for each license when the same person qualifies for multiple licenses, excluding a sole proprietorship. Chair Galarza added the proposal would also remove the “percentage of ownership” provision relating to obtaining multiple licenses and securing a bond of qualifying individual.

Phil Vermeulen, from Contractors Licensing Center, provided background on how the industry is currently complying with the BPC section 7068.1 qualifier requirements. Vermeulen believes that some licensees are not being honest when applying to qualify multiple licenses and CSLB does not have the resources to verify the information being provided. Vermeulen added that the proposal to require a qualifying individual bond for each license a person qualifies would protect consumers, especially with the increase in home improvement contract prices.

Chair Galarza stated CSLB staff request the Legislative Committee direct staff to perform additional research to determine the consumer protection value a bond would provide.

Committee Member Comment:

Member Love asked for clarification on the 2018 Board vote to remove the 20 percent requirement from BPC section 7068.1.

Registrar Fogt explained that the Board did vote to remove the 20 percent requirement in 2018, but CSLB was unable to find a legislator to author the bill, resulting in no change to BPC section 7068.1.



Member Simpson stated that they are in favor of more bonds but believe this proposal requires more work.

Public Comment:

Phil Vermeulen stated that if a bill is not approved to remove the 20 percent ownership requirement, BPC section 7068.1 would remain unchanged.

Richard Markuson believed that a single proposal could be drafted to address all of the Board member concerns regarding consumer protection and removing the 20 percent ownership requirement for licensees.

Motion: Recommend staff to perform further research to address consumer protection needs. Johnny Simpson moved; David De La Torre seconded. The motion carried, 5-0.

BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Miguel Galarza	✓				
David De La Torre	✓				
Diana Love	✓				
Steven Panelli			✓		
James Ruane	✓				
Johnny Simpson	✓				

D. Review, Discussion and Possible Action on Disaster Response Partnership with the Office of Senator McGuire

Legislative Committee Chair Galarza explained Senator McGuire’s interest in CSLB disaster response after wildfires impacted their district and most of California. Chair Galarza stated that in response to Senator McGuire’s interest, CSLB’s Public Affairs Office revised the Disaster Response Plan, and the Legislative Committee would be requested to consider Legislative proposals.

1. Disaster Modernization Plan

Chair Galarza highlighted the updated Disaster Response Plan in the committee packet on page 37, that reflects CSLB’s increased focus on enforcement in disaster areas. Chair Galarza explained the plan serves as a CSLB staff guide for disaster preparedness, response and post-disaster education for various stakeholders when a natural or human-caused disaster occurs.

Committee Member Comment:

There was no committee member comment.

Public Comment:



There was no public comment.

2. Legislative Proposal to Increase Consumer Protections in Disaster Zones relating to Contract Bonds and Statute of Limitations for Unlawful Use of Contractors License

Chair Galarza explained the first proposal would require the prime contractor to secure separate performance and payment bonds in the amount of half the contract price for a home improvement contract after a disaster.

Chief La Marr provided background for the proposal and explained the proposal would give consumers a guarantee against loss or damage when a contractor fails to comply with Contractors State License Law. Chief La Marr added that the proposal would be limited to areas which the Governor declares a state of emergency. Chief La Marr provided the Legislative Committee with the staff recommendation and explained the recommendation is made with the understanding that staff would further confer with the Chair of the Legislative Committee to seek authorization to take a position on any subsequent bill and notify the Board of such action of the March quarterly meeting.

Committee Member Comment:

There was no committee member comment.

Public Comment:

There was no public comment.

Motion: Recommend to the full Board to approve sharing the proposal with the office of the honorable Senator McGuire. Johnny Simpson moved; James Ruane seconded. The motion carried, 5-0.

BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Miguel Galarza	✓				
David De La Torre	✓				
Diana Love	✓				
Steven Panelli			✓		
James Ruane	✓				
Johnny Simpson	✓				

Chair Galarza explained the second proposal would address the need for increased consumer protection in disaster areas by increasing the statute of limitations for a misdemeanor violation when a licensee allows unlawful use of their license.



Chief La Marr provided a summary of the current statute of limitations and CSLB’s authority to seek misdemeanor charges. Chief La Marr explained disaster recovery can take years so the current limitation of one year from the date of violation prevents CSLB from taking appropriate action against a licensee who allows fraudulent use of their license. Chief La Marr added that a statute of limitations of three years from the date of discovery would allow CSLB to investigate and pursue criminal offenses against contractors who permit their license to be used by an unlicensed contractor. Chief La Marr explained the recommendation is made with the understanding that staff would further confer with the Chair of the Legislative Committee, as well as the Board Chair, to seek authorization to take a position on any subsequent bill and notify the Board of such action of the March quarterly meeting.

Committee Member Comment:

There was no committee member comment.

Public Comment:

There was no public comment.

Motion: Recommend to the full Board to authorize staff to share this proposal with the office of the honorable Senator McGuire. David De La Torre moved; James Ruane seconded. The motion carried, 5-0.

BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Miguel Galarza	✓				
David De La Torre	✓				
Diana Love	✓				
Steven Panelli			✓		
James Ruane	✓				
Johnny Simpson	✓				

E. Review, Discussion and Possible Action Regarding Restitution Funds at the Contractors State License Board

1. Solar Energy System Restitution Program Continued Funding

Legislative Committee Chair Galarza provided a summary of the CSLB Solar Energy System Restitution Program (SESRP) and explained CSLB had issued \$2.7 million in restitution to consumers financially harmed by solar contractors. Chair Galarza stated the one-time appropriation was projected to be expended by the claims currently being processed and explained the Enforcement Division reports solar complaints have increased 103 percent compared to 2018.

Chair Galarza provided three possible means of continued funding for the solar restitution fund: (1) legislation through a new PACE restitution fund; (2) a fee assessed



to licensees whose enforcement cases are settled by CSLB; or (3) a fee assessed to connect a solar energy system to the grid.

Registrar Fogt provided a summary of CSLB’s administration of the SESRP fund and issues the Enforcement Division is facing regarding solar contractors. Registrar Fogt also explained the need for continued funding to help consumers who are requesting solar restitution, but the current fund balance cannot support additional claims.

Committee Member Comment:

There was no committee member comment.

Public Comment:

Registrar Fogt provided an overview of consumer Maria Parra’s Solar Energy System Restitution Program claim for a leased solar system that also included a Property Assessed Clean Energy (PACE) loan.

Maria Parra added that Registrar Fogt is correct and there has been no resolution to their problem.

Josh Buswell-Charkow from California Solar and Storage Association (CalSSA) recommended Parra fill out a customer intake form on the CalSSA website and explained CalSSA tries to resolve issues between solar contractors and consumers.

Buswell-Charkow asked about the possibility of levying an interconnection fee to finance continued funding.

Registrar Fogt explained if the committee approved the motion, staff would meet with the Public Utilities Commission (PUC) and the Department of Financial Protection and Innovation (DFPI) to explore finding opportunities and ideas that both agencies would support.

Motion: Recommend to the full Board to consider alternative means of funding to continue the Solar Energy System Restitution Program. Diana Love moved; Johnny Simpson seconded. The motion carried, 5-0.

BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Miguel Galarza	✓				
David De La Torre	✓				
Diana Love	✓				
Steven Panelli			✓		
James Ruane	✓				
Johnny Simpson	✓				

2. PACE Restitution Proposal as Presented by National Housing Law Project



Chair Galarza introduced a proposal by the National Housing Law Project to create a restitution fund similar to the Solar Energy System Restitution Program for residential energy efficiency projects funded through the PACE program.

Stacey Tutt from National Housing Law Project and the Clean Energy Justice Coalition provided background on their work to address concerns around the PACE program, including ensuring DFPI would have oversight of the license of the program administrators. Tutt explained that statutory changes and regulations have worked to address some concerns, but one of the issues that remains for California is the lack of relief or restitution to homeowners who were harmed prior to the statutory and regulatory changes.

Tutt explained a PACE restitution fund would be a last resort for consumers and these legacy claims would be capped at \$60,000 for one assessment or \$80,000 for two assessments. Tutt said they have a budget request of \$32.5 million, of which \$30 million would be relief for homeowners with \$2.5 million available to administer and oversee the fund. Tutt also said their organization would be supportive of using their budget request to provide gap funding for the SESRP fund until additional funding is secured.

Registrar Fogt said the SESRP fund has been helpful to consumers and provided a recap on how the SESRP fund is currently being administered at CSLB.

DCA Legal Counsel Kristy Schieldge explained that the support would be in concept since CSLB does not have actual text for the proposal.

Committee Member Comment:

Committee Member Simpson agreed that they support the concept of the proposal but would like more details and to understand the effect on consumers.

Public Comment:

Chris Peterson from Fortifi Financial, a PACE administrator, stated that none of the three remaining licensed PACE administrators had been contacted by Clean Energy Justice Group and said the three administrators are not the problem. Peterson added PACE administrators would work with CSLB and Clean Energy Justice group to determine if there is a need for a fund of this magnitude.

Audrey Thornton with Housing and Economic Rights Advocates fully supports creating a PACE restitution fund because of their many clients that have been misled or defrauded by PACE loans.

Motion: Recommend to the full Board that they support, in concept, a proposal to create a PACE restitution fund for consumers harmed by PACE loans. Moved by Johnny Simpson; seconded by Diana Love. The motion carried, 5-0.



BOARD MEMBER	YEA	NAY	ABSENT	ABSTAIN	RECUSAL
Miguel Galarza	✓				
David De La Torre	✓				
Diana Love	✓				
Steven Panelli			✓		
James Ruane	✓				
Johnny Simpson	✓				

F. Adjournment

Motion: To adjourn the February 16, 2023, Legislative Committee meeting. Johnny Simpson moved; David De La Torre seconded.

The Legislative Committee adjourned at approximately 11:25 a.m.

AGENDA ITEM D-3

Registrar's Report

- a. Tentative Board Meeting Schedule
- b. 2022 Activities and Accomplishments Report
- c. Disaster Response
- d. Update on Efforts to Retain Consultant(s) to Research the Scope of Unlicensed Practice and Resource Needs; and Perform a Special Investigator Workload Study





Tentative Board Meeting Schedule

Verbal Update

2022 Activities and Accomplishments Report

The 2022 Activities and Accomplishments Report is available for the Board's review.

Disaster Response

Since the winter storms at the end of 2022 through present day, CSLB has dispatched at least 47 different CSLB staff to serve at 22 different state-coordinated Local Assistance Centers (LAC) and federally coordinated Disaster Response Centers (DRC). The staff, whose names were read during the recognition portion of this agenda, participate largely on a volunteer basis and CSLB is grateful for their efforts.

At the December 8, 2022, Board meeting, staff updated the Board on CSLB's Disaster Response Modernization plan, which included updating CSLB's 2020 Disaster Response Plan as well as proposals for legislation to increase consumer protection and penalties for unlawful contracting in disaster zones. At the February 16, 2023, Legislative Committee meeting, staff presented the updated 2023 CSLB Disaster Response Plan as well as two disaster-related legislative proposals. The two proposals were approved by the Legislative Committee and are in the Legislation portion of this Board packet for full Board consideration (performance and payment bonding requirement for home improvement in disaster zones, and an extension of the statute of limitations to criminal prosecute false use of a license).

On March 1, 2023, the Governor proclaimed a state of emergency in 13 counties due to winter storms and activated the California Guard. On March 12, the Governor expanded the state of emergency to six additional counties. The need for CSLB to staff LACs and DRCs will likely continue on an annual basis in response to storms and wildfires.

CSLB staff is working with Cal/OES, FEMA, and Department of Consumer Affairs management on cost recovery for winter storms.

The Registrar's Report will continue to include updates on CSLB Disaster Response as appropriate at quarterly meetings throughout the year.

Update on Efforts to Retain a Consultant(s) to Research the Scope of Unlicensed Practice and Resource Needs; and Perform a Special Investigator Workload Study

At the December 8, 2022, Board meeting, the Board approved to secure two consultants, as follows:

- (1) \$75,000 to implement Enforcement Strategic Objective 2.2:** Research the scope of the underground economy and resource needs to respond to



unlicensed practice and declared disasters.

- (2) \$50-\$100k as appropriate for CPS HR Consulting to perform a workload study** to evaluate CSLB's reactive enforcement complaints and investigations process, identify process improvements, and address production goals.

Throughout last fall, CSLB staff met with Department of Consumer Affairs (DCA), SOLID Training Solutions, Organizational Improvement Office (OIO) and Cooperative Personnel Services (CPS) to discuss study needs, as well as private consultants. As reported at the December meeting, it appeared two consultants would be needed.

On December 20, CSLB staff contacted the California Department of Human Resources' (CalHR) Personnel Advisory and Consultation Team (PACT) to request their assistance with the workload study. That request is pending with DCA.

Separately, CPS Consulting has studied process improvements for other boards and bureaus and performed CSLB's Fee Study as well as the research behind the reclassification of its enforcement representatives to special investigators. CPS has informed staff they may be willing to perform the workload study in areas of enforcement process improvements, employee classifications, and production goals.

On March 13, staff engaged CPS to request commencement of the workload study and will finalize the scope of work for that project. As for the underground economy and declared disaster study, staff is researching state agencies or state universities that have experience with similar studies. The plan is to have both consultants in place by the June Board meeting.

AGENDA ITEM D-4

CSLB Budget Update





CONTRACTORS STATE LICENSE BOARD

CSLB BUDGET UPDATE

CSLB Budget Update

Fiscal Year (FY) 2022-23 CSLB Summary

CSLB has an authorized Final Governor’s Budget of \$80 million.

CSLB projects the final year-end revenue at \$91.5 million and board expenditures at \$78 million. In addition to its board expenditures, the board projects \$6.3 million in external mandatory costs.

As a result of these figures and projections, CSLB assumes the fund reserve would increase to \$16.2 million (approximately 2.3 months’ reserve) at current fiscal year-end.

This information is summarized in the chart below:

FY 2022-23 BUDGET SUMMARY

Description	Amount
Beginning Reserve Balance	\$9,052,000
<i>Projected Final Year-End Totals:</i>	
Revenue	\$91,500,000
Board Expenditures	\$78,000,000
External Costs	\$6,335,000
Total Expenditures	\$84,335,000
Ending Reserve Balance (Projected)	\$16,217,000
Months in Reserve	2.3

What follows are details of CSLB’s budget for each of the following topics:

- Expenditures
- Revenue
- Final FY 2022-23 Budget and Adjustments
- CSLB fund condition
- Construction Management Education Account fund condition

**Expenditures**

Through January 31, 2023, CSLB spent or encumbered \$41.8 million, roughly 52 percent of its FY 2022-23 budget:

EXPENDITURE DESCRIPTION	FY 2022-23 BUDGET ACT	JANUARY 2023 EXPENSES	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES				
Salary & Wages (Staff)	\$31,369,000	\$16,100,315	\$15,268,685	48.7%
Board Members	16,000	3,900	12,100	75.6%
Temp Help	860,000	441,553	418,447	48.7%
Exam Proctor	41,000	11,151	29,849	72.8%
Overtime	146,000	76,831	69,169	47.4%
Staff Benefits	17,151,000	8,812,225	8,338,775	48.6%
TOTALS, PERSONNEL	\$49,583,000	\$25,445,975	\$24,137,025	48.7%
OPERATING EXPENSES AND EQUIPMENT (OE&E)				
Operating Expenses	\$19,362,000	\$12,530,926	\$6,831,074	35.3%
Exams – Subject Matter Experts	436,000	47,515	388,485	89.1%
Enforcement	10,869,000	4,313,960	6,555,040	60.3%
TOTALS, OE&E	\$30,667,000	\$16,892,401	\$13,774,599	44.9%
TOTALS	\$80,250,000	\$42,338,376	\$37,911,624	47.2%
Scheduled Reimbursements (i.e., fingerprint, public sales)	-353,000	-77,554	-275,446	
Unscheduled Reimbursements (i.e., invest. cost recovery)		-410,332	410,332	
GRAND TOTALS	\$79,897,000	\$41,850,490	\$38,046,510	47.6%

Revenue

CSLB received the following revenue amounts through January 31, 2023:

Revenue Category	Through 01/31/2023	Percentage of Revenue	Change from prior year (01/31/2022)
Duplicate License/Wall Certificate Fees	\$246,993	0.4%	256.6%
New License and Application Fees	\$12,811,813	22.1%	41.5%
License and Registration Renewal Fees	\$37,552,826	64.7%	18.4%
Delinquent Renewal Fees	\$5,777,712	10.0%	44.4%
Citation Penalty Assessments	\$1,343,188	2.3%	48.1%
Misc. Revenue	\$271,472	0.5%	0.0%
Total	\$58,004,004	100.00%	26.5%



Fiscal Year (FY) 2022-23 CSLB Final Budget and Adjustments

- CSLB’s FY 2022-23 budget increased by \$2.9 million, from \$77 million to \$79.9 million based on one-time adjustments and reductions in the following areas: reconciling of salaries and wages approved through the bargaining process and adjustments to employee retirement contribution rates, employee benefits for compensation and health rates, and operating expenditures (i.e., DCA pro rata).
- The following chart shows the approved original FY 2022-23 budget (2022 Budget Bill) and the overall budgetary impact of the reductions and adjustments to CSLB’s final FY 2022-23 budget:

EXPENDITURE DESCRIPTION	FY 2022-23 BUDGET ACT	OPERATING EXP ADJ	RETIREMENT ADJ	SALARY & BENEFIT ADJS	FY 2022-23 FINAL BUDGET
PERSONNEL SERVICES					
Salary & Wages (Staff)	30,381,000			988,000	31,369,000
Board Members	16,000				16,000
Temp Help	860,000				860,000
Exam Proctor	41,000				41,000
Overtime	146,000				146,000
Staff Benefits	15,720,000		1,012,000	418,000	17,150,000
TOTALS, PERSONNEL	47,164,000	0	1,012,000	1,406,000	49,582,000
OPERATING EXPENSES & EQUIPMENT					
Operating Expenses	18,888,000	16,000	152,000	307,000	19,363,000
Exams	436,000				436,000
Enforcement	10,838,000		20,000	11,000	10,869,000
TOTALS, OE&E	30,162,000	16,000	172,000	318,000	30,668,000
TOTALS	77,326,000	16,000	1,184,000	1,724,000	80,250,000
Scheduled Reimbursements	-353,000				-353,000
Unscheduled Reimbursements					
TOTALS, NET REIMBURSEMENTS	76,973,000	16,000	1,184,000	1,724,000	79,897,000



CSLB Fund Condition

Below is the fund condition for the Contractors' License Fund, which shows the final fiscal year (FY) 2021-22 reserve with adjustments (\$9.1 million, approximately 1.3 month reserve), along with the projected reversion amounts for current year (CY) 2022-23 through budget year (BY) 2023-24:

<i>(Dollars in thousands)</i>	Final FY 2021-22	Projected CY 2022-23	Projected BY 2023-24
Beginning Balance <i>(Fund/Savings Account)</i>	\$1,865	\$9,052	\$16,217
Prior Year Adjustment	\$1,537	\$0	\$0
Adjusted Beginning Balance	\$3,402	\$9,052	\$16,217
Revenues and Transfers			
Revenue	\$82,473	\$91,500	\$88,000
Total Resources <i>(Revenue + Fund/Savings Acct.)</i>	\$85,875	\$100,552	\$104,217
Expenditures			
Board Expenditures	\$68,473	\$78,000	\$78,520
External Costs	\$5,728	\$6,335	\$6,335
State Retirement (CalPERS) General Fund Payback	\$2,622	\$0	\$0
Total Expenditures	\$76,823	\$84,335	\$84,855
Ending Balance <i>(Fund/Savings Account)</i>	\$9,052	\$16,217	\$19,362
Months in Reserve	1.3	2.3	2.7
Dollars in Reserve	\$9.1 M	\$16.2 M	\$19.4 M

Notes:

- 1) Board expenditures include staff pay, benefits, and operating expenses.
- 2) External costs include statewide pro rata.
- 3) CY 2022-23 & BY 2023-24 assumes workload and revenue projections.
- 4) CY 2022-23 assumes board expenditures is Governor's Budget with typical \$2 million in savings and BY 2023-24 assumes proposed Governor's budget with no savings.



Construction Management Education Account (CMEA) Fund Condition

Below is the CMEA fund condition, which shows the final fiscal year (FY) 2021-22 reserve of \$501,000, along with the projected reversion amounts for current year (CY) 2022-23 through budget year (BY) 2023-24:

<i>(Dollars in thousands)</i>	Final FY 2021-22	Projected CY 2022-23	Projected BY 2023-24
Beginning Balance	\$ 492	\$ 501	\$ 501
Prior Year Adjustment	\$0	\$0	\$0
Adjusted Beginning Balance	\$ 492	\$ 501	\$ 501
Revenues and Transfers			
Revenue	\$189	\$185	\$185
Totals, Resources	\$ 681	\$ 686	\$ 686
Expenditures			
Disbursements:			
Program Expenditures (State Operations)	\$5	\$10	\$10
Local Assistance Grant Disbursements	\$175	\$175	\$175
Total Expenditures	\$ 180	\$ 185	\$ 185
Fund Balance			
Reserve for economic uncertainties	\$ 501	\$ 501	\$ 501

Notes:

- 1) Projected CY 2022-23 and ongoing includes increasing grants based on assumed approved CMEA annual augmentation.



CONTRACTORS STATE LICENSE BOARD

STATISTICS SUMMARY

Statistics Summary

All Applications Received

Month	2019-20	2020-21	2021-22	2022-23
July	4,511	3,323	4,479	3,749
August	4,733	3,863	3,527	5,926
September	4,366	3,441	3,398	5,094
October	4,166	4,324	3,909	4,640
November	3,854	3,168	2,958	3,683
December	3,320	2,681	4,687	3,523
January	4,132	3,112	4,634	4,116
Total	29,082	23,912	27,592	30,731

% Change from Prior FY 11.4%

Original Applications Received (includes exam and waivers)

Month	2019-20	2020-21	2021-22	2022-23
July	1,935	1,311	1,782	1,779
August	1,967	1,226	1,138	2,235
September	1,820	1,122	1,153	1,767
October	1,616	1,834	1,311	2,126
November	1,440	1,218	1,020	1,517
December	1,245	926	2,544	1,601
January	1,829	1,099	1,965	1,959
Total	11,852	8,736	10,913	12,984

% Change from Prior FY 19.0%
% of Apps Rcvd are Original Apps 42.0%

Original Licenses Issued

Month	2019-20	2020-21	2021-22	2022-23
July	1,426	1,032	1,650	1,571
August	1,331	1,084	1,760	1,408
September	1,293	1,171	1,516	1,375
October	1,383	1,257	1,438	1,278
November	1,195	1,119	1,339	1,050
December	1,181	1,115	1,418	1,128
January	1,263	880	1,413	1,035
Total	9,072	7,658	10,534	8,845

% Change from Prior FY -16.0%



Licenses Renewed (Peak renewal years notated in red)

Month	2019-20	2020-21	2021-22	2022-23
July	11,234	12,460	7,232	10,339
August	9,631	10,396	11,805	10,445
September	9,409	11,507	10,443	9,784
October	7,901	9,252	8,112	9,029
November	6,003	6,843	8,737	8,680
December	7,846	11,087	10,694	8,335
January	9,582	10,271	7,979	9,984
Total	61,606	71,816	65,002	66,596
			<i>% Change from Peak FY 2020-21</i>	<i>-7.3%</i>
			<i>% Change from Non-Peak FY 2021-22</i>	<i>2.5%</i>

Original HIS Registrations Issued

Month	2019-20	2020-21	2021-22	2022-23
July	677	596	533	693
August	526	487	742	830
September	634	570	677	821
October	579	594	722	779
November	594	513	513	754
December	519	444	519	567
January	429	523	467	864
Total	3,958	3,727	4,173	5,308
			<i>% Change from Prior FY</i>	<i>27.2%</i>

HIS Registrations Renewed

Month	2019-20	2020-21	2021-22	2022-23
July	408	646	541	551
August	497	714	588	596
September	421	646	566	602
October	387	548	571	576
November	212	385	538	529
December	534	385	571	483
January	319	464	440	591
Total	2,778	3,788	3,815	3,928
			<i>% Change from Prior FY</i>	<i>3.0%</i>



License Population by Status

Status	Mar. 1, 2020	Mar. 1, 2021	Mar. 1, 2022	Mar. 1, 2023
Active	230,152	229,016	234,020	236,280
Inactive	53,819	52,389	51,200	48,899
Total	283,971	281,405	285,220	285,179

% Change from Prior FY 0.0%

HIS Registration Population by Status

Status	Mar. 1, 2020	Mar. 1, 2021	Mar. 1, 2022	Mar. 1, 2023
Active	20,893	22,164	24,051	27,904

% Change from Prior FY 16.0%

Complaints By Fiscal Year

Complaints	2018-19	2019-20	2020-21	2021-22
Received	20,474	18,190	16,551	19,158
Reopened	1,124	1,133	1,058	1,231
Closed	21,644	20,272	16,851	19,397
Pending (As of June 30)	4,807	3,898	4,716	5,747

AGENDA ITEM D-5

Administration Update Regarding Personnel and Facilities





CONTRACTORS STATE LICENSE BOARD

ADMINISTRATION UPDATE

Personnel Unit

Transactions

During the second quarter of Fiscal Year 2022-23 (October 1-December 31, 2022), CSLB Personnel staff completed 58 personnel transactions. This included the addition of 11 employees from other state agencies, 10 employees new to state service as well as one Student Assistant and one Retired Annuitant. Within CSLB, there were seven promotions and 26 transfer appointments (of which 19 were redirected positions). In addition, two employees accepted a Training and Development assignment.

Total Number of Personnel Transactions Per Quarter – FY 2022-23

Recruitment Type	Quarter 1 <i>July-Sept</i>	Quarter 2 <i>Oct-Dec</i>	Quarter 3 <i>Jan-March</i>	Quarter 4 <i>April-June</i>
From other State Agencies	7	11	---	---
New to State Service	3	10	---	---
Student Assistants	0	1	---	---
Retired Annuitants	3	1	---	---
Promotions	9	7	---	---
Transfers within CSLB	10	26	---	---
Training and Development	1	2	---	---
Total Per Quarter	33	58		

Total Number of Personnel Transactions Per Quarter – FY 2021-2022

Recruitment Type	Quarter 1 <i>July-Sept</i>	Quarter 2 <i>Oct-Dec</i>	Quarter 3 <i>Jan-March</i>	Quarter 4 <i>April-June</i>
From other State Agencies	5	7	11	13
New to State Service	3	5	11	9
Student Assistants	1	0	0	0
Retired Annuitants	0	0	1	0
Promotions	7	6	9	5
Transfers within CSLB	7	5	14	3
Training and Development	4	0	2	2
Examination Proctors	8	2	2	0
Total Per Quarter	35	25	50	32



Vacancies

CSLB averaged 46 vacancies out of 425 authorized positions in the second quarter of Fiscal Year 2022-23. The Personnel Unit continuously works with CSLB hiring managers and Department of Consumer Affairs’ (DCA) Office of Human Resources to identify and minimize any delays in recruitment for key positions.

Average Monthly Vacancies by Fiscal Year

Fiscal Year	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2022-23	52	51	54	48	46	44	46	45	---	---	---	---
2021-22	43	45	49	52	51	45	47	50	47	44	46	42
2020-21	43	50	51	50	47	51	55	50	47	49	45	40
2019-20	21	25	31	35	34	34	23	22	24	22	36	40

Employee Recruitment

CSLB continues to work with DCA, the California Department of Human Resources (CalHR) and other organizations on opportunities to partner and participate in career fairs and recruitment/outreach events. CSLB has joined the CalHR’s listserv to identify job fairs and other recruitment activities statewide to assist in recruiting new employees and promoting jobs and careers at CSLB. In addition, CSLB’s Personnel Unit is working closely with CSLB’s Office of Public Affairs to increase awareness to the public in regard to job opportunities at CSLB on all social media outlets and especially recruiting platforms such as LinkedIn. Furthermore, CSLB will also utilize surveys on all job opportunity advertisements as a tool to gather feedback on what method of advertising has the most effective reach to job seekers.

Positions Redirected to Public Affairs Office

In December 2022, the Personnel Unit completed the transition of 19 staff members in the Public Information Unit (Call Center) from the Licensing and Examination Division to the Public Affairs Office. The positions were redirected to the Public Affairs Office to help unify CSLB’s public messaging efforts with the public-facing frontline efforts of the Call Center units.



Examinations

The majority of examinations are now done online through CalHR at <https://jobs.ca.gov/>. Listed below are the CSLB classifications with examinations administered by DCA.

ADMINISTERED BY DCA	STATUS	DATE
Consumer Services Representative	Effective date of last exam: Next effective date of exam:	November 2022 May 2023
Office Services Supervisor II	Effective date of last exam: Tentative effective date of next exam	November 2022 TBD
Supervising Special Investigator, I	Effective date of last exam: Tentative effective date of next exam	January 2023 August 2023
Supervising Special Investigator II	Effective date of last exam: Next effective date of exam:	December 2022 June 2023
Staff Service Analyst Transfer Exam	N/A	March/June September/December



Administration Update Regarding Facilities, Contracts, and Training

Facilities

- **West Covina:** The lease was extended due to delays in completing the tenant improvements. The lease extension term dates are as follows, January 1, 2023 through December 31, 2023.
- **Bakersfield:** The tenant improvements were completed. The new lease term dates are as follows, January 1, 2023 through December 31, 2030.
- **Norwalk Enforcement:** Staff completed and submitted all appropriate forms to renew the lease for CSLB's Norwalk Enforcement field office. The tenant improvement list was submitted to the Department of Consumer Affairs (DCA) and the Department of General Services (DGS) for approval. The current lease expires October 31, 2023.
- **Norwalk Testing:** The lease was terminated effective January 1, 2023.
- **San Jose Testing:** Staff completed and submitted all appropriate forms to terminate this lease. The suite is vacated; however, due to this being a state-owned building, CSLB is responsible for rent until the building is sold. DGS anticipates the building to be sold during the first quarter of 2023.
- **San Bernardino Testing:** Staff completed and submitted all appropriate forms to amend the San Bernardino current lease to terminate the testing office. The lease was terminated effective February 1, 2023.
- **San Diego Testing:** Staff completed and submitted all appropriate forms to amend the San Diego current lease to terminate the testing office. On September 28, 2022, staff were notified by DCA that there was an amendment to the original lease and the lease cannot be terminated until March 31, 2023. Staff anticipate the lease to be terminated April 1, 2023.

Contracts

Contracts in process:

- The Foothill Transcription Company, Inc. contract for transcription services is in process. The current contract expires June 30, 2023.
- The Neopost USA Inc. contract for postage meter maintenance and rental services is in process. The current contract expires June 30, 2023.
- The International Mailing Equipment Inc. contract for the mailroom tracking system software licenses, software care and hardware maintenance services is in process. The current contract expires June 30, 2023.



- The California Highway Patrol interagency agreement for protective service duties is in process. The current contract expires June 30, 2023.
- The American Express Travel Related Services Company, Inc. contract for online credit, debit, and charge card acceptance services is in process. The current contract expires June 30, 2023.
- The Department of Human Resources interagency agreement to conduct psychological screening services for Peace Officer applicants is in process. The current contract expires June 30, 2023.
- The West Publishing Corporation dba West, A Thomson Reuters Business contract for access to an electronic library database is in process. The current contract expires June 30, 2023.
- The Collection Bureau of America contract for debt collection services is in process. The current contract expires March 31, 2023.
- The Employment Development Department (EDD) contract for data sharing between EDD and CSLB is in process. The current contract expires September 10, 2023.

Executed contracts:

- The California Department of Transportation (Caltrans) interagency agreement to provide Caltrans with one (1) on-site parking space for a Caltrans vehicle in CSLB's Norwalk office's secure parking cage is in process. The new term dates of the contract are as follows January 1, 2023, through December 31, 2023.

Training

- Staff are monitoring the completion of three (3) mandatory trainings for 2023. These trainings include:
 - *“Sexual Harassment Prevention Training,”* which is required biannually for all employees.
 - *“Information Security Awareness Fundamentals,”* which is required annually for all employees.
 - *“Continual Leadership Training and Development”* includes 20 hours of ongoing leadership training and is required every two (2) years for Supervisory, Managerial and Career Executive Assignment employees.

AGENDA ITEM D-6

Information Technology Update (Special Presentation on Program Automation)





Information Technology Update

Business Modernization

CSLB IT Division recognizes the importance of business modernization and digital transformation in today's fast-paced technological landscape. The organization has made significant investments in modernizing its technology infrastructure and leveraging new technologies to improve its operations and services.

One key aspect of CSLB's modernization efforts has been the adoption of cloud services. By leveraging cloud services, CSLB has been able to reduce the costs of maintaining and upgrading IT infrastructure, while also improving its operations and services.

The IT Division is in the planning stage to develop a new digital service for contractors. The IT Division requests to launch a new portal that allows contractors to apply for licenses, as well as managing their licenses and submit required documentation all online. This portal will significantly streamline the licensing process, reducing wait times and improving the overall experience for contractors.

Information Technology Security Updates

CSLB IT Division is focused on improving its IT security posture to ensure that the organization's data and operations remain secure. CSLB IT recently completed the State of California's Military Department cybersecurity assessment on CSLB's infrastructure. This weeklong assessment included analysis of host vulnerability and hardening, network penetration testing and analysis. In preparation, the IT Division has implemented new security technologies and tools to improve its ability to detect and respond to security incidents.

CSLB has made significant improvements to its incident responses. In partnership with DCA, CSLB will transition to a new Information Technology Service Management tool. This new tool will include procedures for notifying stakeholders, staff and the public, if necessary, of their service request status to the IT Division.

In conjunction with this, CSLB plans to continue to prioritize staff awareness to ensure that everyone is aware of security risks and how to mitigate them.

Online Renewal Single Qualifier Program

Programming was completed in April 2020 to allow sole owner licenses with a single qualifier to renew their licenses online. In October 2021, programming was completed for corporations, partnerships, and limited liability companies with a single qualifier to also renew their licenses online. This feature allows 96 percent of CSLB licensees to renew online.



CSLB IT Division removed kiosks from all public counter locations. All services are available through the online services on the CSLB website.

The chart below includes sole qualifier online renewal statistics.

Online Renewal Statistics

	Single Qualifier	eKiosk	HIS	Total Renewals	% of Online Transactions
January 2022	5,121	3	302	8,068	67.2%
February 2022	4,453	3	330	8,887	53.8%
March 2022	5,508	4	391	12,915	45.7%
April 2022	5,076	2	350	10,334	52.5%
May 2022	5,521	4	364	9,843	59.8%
June 2022	5,574	0	367	10,485	56.6%
July 2022	5,442	0	401	10,413	56.1%
August 2022	5,769	0	469	10,550	59.1%
September 2022	5,329	0	461	9,878	58.6%
October 2022	5,181	0	473	9,143	56.7%
November 2022	4,896	0	390	8,762	55.9%
December 2022	4,700	0	368	8,444	55.7%
2022 Totals	62,570	16	4,666	117,722	56.1%

Online Citation Payment

The IT Division, along with the Enforcement Division, released the online citation payment program in January 2021. This allowed licensees and non-licensees to pay penalty assessments online through the CSLB website. All payments are processed in real time and the CSLB database is updated immediately with the new payment information.

	Online Payments	Total Payments	% Of Online Payments
January 2022	\$80,850	\$156,435	51.7%
February 2022	\$98,879	\$174,889	56.5%
March 2022	\$118,782	\$226,423	52.5%
April 2022	\$98,563	\$172,887	57.0%
May 2022	\$83,594	\$189,964	44.0%
June 2022	\$74,631	\$149,005	50.0%
July 2022	\$111,560	\$172,787	64.6%
August 2022	\$93,821	\$202,166	46.4%
September 2022	\$115,704	\$195,683	59.1%
October 2022	\$117,350	\$208,276	56.3%
November 2022	\$139,222	\$198,780	70.0%
December 2022	\$109,683	\$182,468	60.1%
2022 Totals	\$1,242,639	\$2,229,763	55.7%

AGENDA ITEM D-7

Update, Review, Discussion and Possible Action on 2022-24 Administration and Information Technology Strategic Plan Objectives





Review, Discussion and Possible Action on 2022-24 Administration and Information Technology Strategic Plan Objectives

Strategic Plan Objective 5.3: Replace the automated phone system to ensure callers can speak to a representative in a timely fashion. Target date: March 2023

The Information Technology Division is requesting an extension on the target date for this objective. The IT Division is partnering with Department of Consumer Affairs (DCA) to meet this objective. DCA Office of Information Services recently deployed a cloud-based solution to replace their Interactive Voice Response (IVR) technology. CSLB will then leverage this solution to replace the current CSLB IVR system. This new feature-rich solution will allow us to add a response for callers to bypass the IVR phone tree to quickly reach a CSLB representative. IT is requesting a date extension to September 2023 to start the CSLB onboarding process to this technology.

AGENDA ITEM E

Licensing



AGENDA ITEM E-1

2022 Activities and Accomplishments Report



AGENDA ITEM E-2

Licensing and Testing Program Statistical Update





CONTRACTORS STATE LICENSE BOARD

LICENSING PROGRAM UPDATE

Application Processing Statistics

The charts below provide the total number of incoming applications received by the application units each month, quarter, and calendar year.

Total Number of Applications Received Per Month

	2022											2023
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Original Exam	1,031	1,454	1,460	1,408	1,223	1,240	1,568	1,300	1,484	1,180	1,119	1,285
Original Waiver	611	707	627	751	693	539	667	467	642	337	482	674
Add Class	316	376	380	260	286	327	385	338	357	327	343	341
Qualifier Replacer	237	283	280	279	230	218	286	234	258	208	231	277
Home Improvement	675	949	937	1,196	1,080	888	1,238	1,265	1,361	1,207	975	1,213
Total												
Per Month	2,870	3,769	3,684	3,894	3,512	3,212	4,144	3,604	4,102	3,259	3,150	3,790
3 – Month	Feb - Apr: 10,323			May - Jul: 10,618			Aug - Oct: 11,850			Nov - Jan: 10,199		
Totals												

Total Applications Received – Prior Calendar Years

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Original Exam	15,500	15,244	13,193	15,729	15,861
Original Waiver	9,327	8,796	7,456	7,558	7,970
Add Class	4,220	4,526	4,231	4,138	4,112
Qualifier Replacer	2,706	2,792	2,620	2,813	3,024
Home Improvement	9,720	11,122	9,694	12,411	12,466
Total Received	41,473	42,480	37,194	42,649	43,433



Weeks to Process

CSLB management closely monitors processing time for the various licensing units on a weekly and monthly basis.

The chart below provides the “weeks to process” for applications, license transactions, and public information unit documents (i.e. record certification) received each month. “Weeks to process” refers to the average number of weeks before an application or document is initially pulled for processing by a technician after it arrives at CSLB.

	2022											2023
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Original Exam	6.1	3.6	3.3	3.9	4.7	4.5	4.2	5.0	5.6	4.5	5.9	6.0
Original Waiver	4.8	3.6	3.7	3.8	4.7	5.0	4.8	4.0	3.8	4.4	4.8	5.1
Add Class	4.1	4.1	3.4	3.3	4.4	5.2	4.1	3.6	3.5	4.4	4.1	2.9
Qualifier Replacer (Exams & Waiver)	4.0	4.0	2.7	3.4	4.4	5.3	4.0	3.8	3.0	4.3	4.1	2.9
Home Improvement	2.5	3.1	2.9	3.3	3.9	4.1	2.5	3.4	3.0	3.7	2.7	2.1
Renewal	2.7	1.8	1.0	0.9	1.6	1.1	1.2	0.9	1.0	1.1	0.9	1.6
Add New Officer	0.9	1.6	1.1	1.0	1.0	1.5	1.5	1.3	1.7	2.2	2.8	2.4
Address / Name Change	1.9	1.7	0.8	0.9	0.9	1.6	1.5	1.3	1.7	2.2	2.8	2.6
Bond / Bond Exemption	0.6	0.6	0.6	0.6	0.7	0.9	0.6	0.9	0.6	0.6	0.6	0.6
Workers' Comp / Exempt	4.8	3.1	2.8	1.0	1.6	1.3	1.2	1.7	2.5	3.3	2.7	2.6
Certified License History	0.2	0.0	0.0	0.0	0.1	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Copies of Documents	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Criminal Offender Record Information (CORI) Review*	1.9	2.4	2.1	1.9	2.2	2.3	1.9	2.2	2.3	2.7	2.4	2.4

*Outside CSLB Control—DOJ /FBI timeframe



The chart below illustrates the number of applications received in the previous fiscal years and the final disposition of these applications, regardless of the year they were processed. This is the combined total for all exam, waiver, add class, qualifier replacement, and home improvement salesperson applications. This report allows staff to monitor application cycle times and dispositions.

Disposition of Applications by Fiscal Year

Fiscal Year	Number of Apps Received	Processed & Issued	Voided	Pending*
2018-2019	42,344	20,379	6,766	15,199
2019-2020	38,251	16,415	4,161	17,675
2020-2021	41,864	16,176	4,098	21,590
2021-2022	43,707	19,148	4,801	19,758

* These are the total number of applications pending at the close of each fiscal year.

An application may be classified as pending because:

- The applicant does not pass the exam but is still within the 18-month window during which they may retest.
- The application is in the experience verification process.
- The application is not yet cleared by CSLB’s Criminal Background Unit.
- The applicant has not submitted final issuance requirements (proof of bond, workers’ compensation insurance, asbestos open book examination results, and/or fees).



Renewal Processing Statistics

The charts below provide the number of incoming renewals received by the Renewal Unit each month, quarter, and calendar year.

Total Number of Renewals Received Per Month

	2022											2023
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Reactivation	90	153	99	111	130	74	105	94	114	82	109	107
Active	6,990	10,312	8,400	7,767	8,412	8,356	8,280	7,866	7,196	6,772	6,543	8,041
Inactive	705	1,018	741	734	767	790	864	780	683	707	670	821
Delinquent Active	969	1,287	962	1,079	1,022	1,072	1,145	999	1,032	1,071	982	987
Delinquent Inactive	133	145	132	152	154	121	156	139	118	130	140	135
Received Per Month	8,887	12,915	10,334	9,843	10,485	10,413	10,550	9,878	9,143	8,762	8,444	10,991
3 – Month Totals	Feb – Apr: 32,136			May – Jul: 30,741			Aug – Oct: 29,571			Nov – Jan: 28,197		

Total Renewals Received – Prior Calendar Years

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Reactivation	1,421	1,358	1,164	1,230	1,250
Active	104,330	98,901	97,037	94,480	93,180
Inactive	13,757	13,007	12,379	11,351	9,087
Delinquent Active	11,091	10,721	12,636	13,162	12,519
Delinquent Inactive	1,892	1,734	2,071	2,163	1,658
Total Received	132,491	125,721	125,287	122,386	117,694

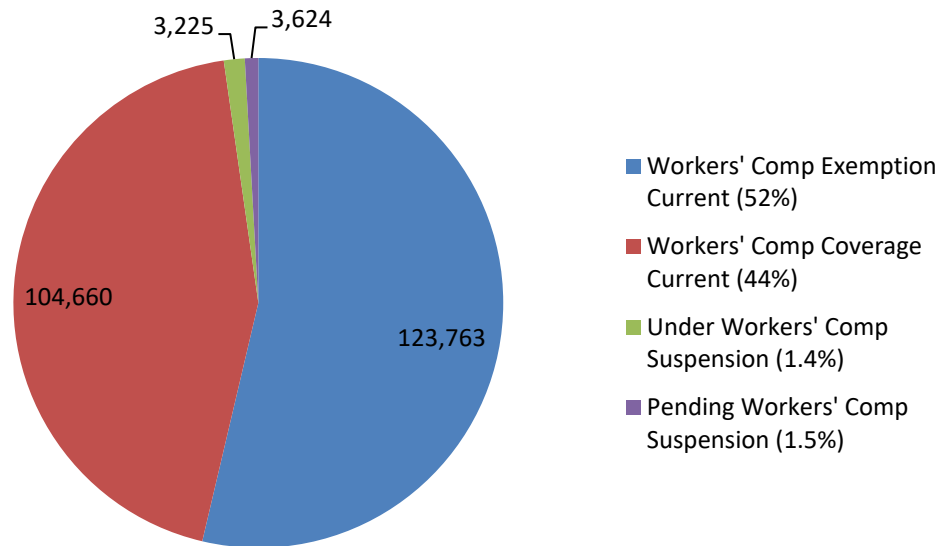


Workers' Compensation Recertification Statistics

The law requires that at the time of renewal, an active contractor with an exemption for workers' compensation insurance on file with CSLB either recertify that exemption or provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. If at the time of renewal, the licensee fails to comply, then the law allows for the retroactive renewal of the license if the licensee submits the required documentation of the missing information within 30 days after notification by CSLB.

The chart below provides a snapshot of workers' compensation coverage for active licenses.

Workers' Comp Coverage for Active Licenses - January 31, 2023



Total Number of Active Licenses: 236,195

The following chart shows the workers' compensation coverage (policies and exemptions) on file as January 31, 2023, for active licenses by classification and the percentage of exemptions per classification.

**Active License Classifications Workers' Comp Status: As of January 31, 2023**

Classification	Exemptions on File	WC Policies on File	Total Policies & Exemptions	% of Total with Exemptions
A General Engineering	5,374	9,262	14,636	37%
B General Building	61,275	41,253	102,528	60%
B-2 Residential Remodeling	233	48	281	83%
C-2 Insulation and Acoustical	280	883	1,163	24%
C-4 Boiler Hot Water	169	555	724	23%
C-5 Framing / Rough Carp	506	451	957	53%
C-6 Cabinet-Millwork	2,582	1,937	4,519	57%
C-7 Low Voltage Systems	1,969	2,766	4,735	42%
C-8 Concrete	2,178	4,065	6,243	35%
C-9 Drywall	1,245	1,819	3,064	41%
C10 Electrical	14,179	12,154	26,333	54%
C11 Elevator	38	160	198	19%
C12 Earthwork & Paving	1,005	1,402	2,407	42%
C13 Fencing	682	946	1,628	42%
C15 Flooring	3,653	3,402	7,055	52%
C16 Fire Protection	761	1,420	2,181	35%
C17 Glazing	1,130	1,850	2,980	38%
C20 HVAC	5,393	7,071	12,464	43%
C21 Building Moving Demo	516	1,204	1,720	30%
C22 Asbestos Abatement	2	285	287	0.7%
C23 Ornamental Metal	418	631	1,049	40%
C27 Landscaping	4,878	6,767	11,645	42%
C28 Lock & Security Equipment	148	208	356	42%
C29 Masonry	974	1,304	2,278	43%
C31 Construction Zone	74	304	378	20%
C32 Parking Highway	169	297	466	36%
C33 Painting	8,697	6,908	15,605	56%
C34 Pipeline	148	355	503	29%
C35 Lath & Plaster	619	1,178	1,797	34%
C36 Plumbing	9,093	7,173	16,266	56%
C38 Refrigeration	793	1,015	1,808	44%
C39 Roofing	0	4,738	4,738	0%
C42 Sanitation	377	597	974	39%
C43 Sheet Metal	358	1,024	1,382	26%
C45 Sign	377	517	894	42%
C46 Solar	450	813	1,263	36%
C47 Gen Manufactured House	213	228	441	48%
C50 Reinforcing Steel	73	194	267	27%
C51 Structural Steel	422	1,062	1,484	28%
C53 Swimming Pool	1,219	1,502	2,721	45%
C54 Tile	3,608	2,762	6,370	57%
C55 Water Conditioning	120	181	301	40%
C57 Well Drilling	281	499	780	36%
C60 Welding	549	477	1,026	54%
C61 Limited Specialty	8,004	10,842	18,846	42%



Fingerprinting/Criminal Background Unit Statistics

As mandated in January 2005, CSLB continues to fingerprint all license applicants. The California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) conduct criminal background checks and provide criminal offender record information to CSLB for in-state convictions and for out-of-state and federal convictions.

DOJ and FBI typically provide responses to CSLB within a day or two of an applicant being fingerprinted, but occasionally the results are delayed. This does not necessarily indicate a conviction, as sometimes the results reveal a clear record. Most delays are resolved within 30 days; however, some continue for up to 90 days or longer because DOJ and FBI may need to obtain court records. Since DOJ and FBI are independent agencies, CSLB has no control over these delays and must wait for the fingerprint results before issuing a license. Staff follows up with DOJ regarding delayed responses to confirm the review has commenced and to make sure DOJ requires no further information.

Below is a breakdown of Criminal Background Unit statistics for the past five calendar years.

CRIMINAL BACKGROUND UNIT STATISTICS

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	TOTALS
DOJ Records Received	34,664	33,553	27,172	35,114	37,895	168,398
CORI Information Received	6,729	6,657	5,375	6,818	7,303	32,882
Denials	65	63	16	8	13	165
Appeals	42	31	11	5	7	96
Probationary Licenses Issued (conditional license, requires periodic review)	61	86	101	177	222	647



Experience Verification Unit Statistics

All license applications received at CSLB are carefully reviewed to ensure experience requirements are met. There is a special provision in California Code of Regulations section 824 that recommends a comprehensive field investigation of a minimum of 3 percent of applications. Much more like an enforcement investigation than licensing processing, the comprehensive review includes a detailed investigation into all aspects of the applicant's experience and requires extensive documentation and interviews of the applicant or witnesses to ensure experience claims can be verified.

Since implementation in September 2014, Experience Verification Unit (EVU) staff have been assigned and have reviewed 3,934 applications. Last summer, due to staffing considerations, the Licensing Division has referred many of the experience investigations to the Enforcement Division. A special investigator endeavors to review 20 to 30 EVU applications a month.

The chart on the following page provides the breakdown for appeals, denials, withdrawals, experience verification, and pending applications by classification for the past 24 months.

**Experience Verification by Classification
January 1, 2021 to January 31, 2023**

Classification	Appealed	Withdrawn	Verified	Denied	Total
A General Engineering	0	2	8	3	13
B General Building	3	31	68	26	128
B-2 Residential Remodeling	0	1	3	3	7
C2 Insulation and Acoustical	0	0	0	0	0
C4 Boiler Hot Water	0	0	1	0	1
C5 Framing / Rough Carp	0	0	0	0	0
C6 Cabinet-Millwork	0	0	4	0	4
C7 Low Voltage Systems	0	0	2	0	2
C8 Concrete	1	2	3	0	6
C9 Drywall	0	0	0	0	0
C10 Electrical	1	5	14	3	23
C11 Elevator	0	0	0	0	0
C12 Earthwork & Paving	0	1	1	1	3
C13 Fencing	0	0	0	0	0
C15 Flooring	1	2	4	1	8
C16 Fire Protection	0	0	5	0	5
C17 Glazing	0	0	1	0	1
C20 HVAC	0	2	7	2	11
C21 Building Moving Demo	0	0	0	0	0
C22 Asbestos Abatement	0	0	2	0	2
C23 Ornamental Metal	0	0	0	0	0
C27 Landscaping	0	2	6	1	9
C28 Lock & Security Equipment	0	0	0	0	0
C29 Masonry	0	0	0	0	0
C31 Construction Zone	0	0	0	0	0
C32 Parking Highway	0	0	0	0	0
C33 Painting	0	3	11	0	14
C34 Pipeline	0	0	0	0	0
C35 Lath & Plaster	0	1	4	1	6
C36 Plumbing	0	3	9	2	14
C38 Refrigeration	0	0	0	0	0
C39 Roofing	0	2	6	4	12
C42 Sanitation	0	0	1	1	2
C43 Sheet Metal	0	0	0	0	0
C45 Sign	0	0	2	0	2
C46 Solar	0	0	0	0	0
C47 Gen Manufactured House	0	0	0	0	0
C50 Reinforcing Steel	0	0	0	0	0
C51 Structural Steel	0	0	3	0	3
C53 Swimming Pool	0	2	3	1	6
C54 Tile	0	0	4	0	4
C55 Water Conditioning	0	0	0	0	0
C57 Well Drilling	0	0	0	0	0
C60 Welding	0	0	2	0	2
C61 Limited Specialty	1	2	5	3	11
ASB Asbestos Cert	0	0	0	0	0
HAZ Hazardous Cert	0	0	0	0	0
Total	7	61	179	52	299



Judgment Unit Statistics

Judgment Unit staff process all outstanding government liabilities, civil judgments, and payment of bond claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB's Enforcement Division, and other governmental agencies. The Judgment Unit also processes all documentation and correspondence related to resolving issues such as satisfactions, payment plans, bankruptcies, accords, motions to vacate, etc.

Outstanding liabilities are reported to CSLB by:

- Employment Development Department
- Department of Industrial Relations
 - Division of Occupational Safety and Health
 - Division of Labor Standards Enforcement
- Franchise Tax Board
- State Board of Equalization
- CSLB Cashiering Unit

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payment of claims are reported to CSLB by bonding (surety) companies.

The charts on the following page provide the number of notifications mailed to licensees related to outstanding liabilities, judgments, and payment of claims affecting their license status, including the savings to the public as a result of compliance.



Judgment Unit: Number of Reimbursements to State Agencies and Public

Outstanding Liabilities (from California State Agencies)

	2/22	3/22	4/22	5/22	6/22	7/22	8/22	9/22	10/22	11/22	12/22	1/23
Initial	65	156	83	87	79	76	88	62	58	47	63	44
Suspend	67	100	45	65	72	70	75	55	73	48	46	43
Reinstate	57	119	38	37	38	30	59	42	45	31	40	36
Total	189	375	166	189	189	176	222	159	176	126	149	123

Final Judgments (from court actions)

	2/22	3/22	4/22	5/22	6/22	7/22	8/22	9/22	10/22	11/22	12/22	1/23
Initial	36	39	61	55	61	38	57	65	32	40	78	28
Suspend	18	7	28	22	12	17	15	20	16	19	18	8
Reinstate	48	42	44	50	53	35	50	34	41	38	56	37
Total	102	88	133	127	126	90	122	119	89	97	152	73

Payment of Claims (from bond surety companies)

	2/22	3/22	4/22	5/22	6/22	7/22	8/22	9/22	10/22	11/22	12/22	1/23
Initial	113	147	111	68	156	93	119	95	107	106	125	85
Suspend	39	41	5	70	71	73	30	91	40	62	54	74
Reinstate	63	123	109	44	93	84	102	72	86	72	66	40
Total	215	311	225	182	320	250	251	258	233	240	245	199

**Reimbursement Amounts to State Agencies and Public
Prior Calendar Years**

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Outstanding Liabilities	\$23,899,670	\$26,277,077	\$18,342,630	\$18,765,840	\$22,921,075
Final Judgments	\$12,167,435	\$16,514,073	\$20,586,833	\$18,003,223	\$20,211,482
Payment of Claims	\$9,580,600	\$11,080,053	\$9,921,280	\$7,934,026	\$7,781,618
Total Monetary Savings	\$45,647,705	\$53,871,203	\$48,850,913	\$44,703,089	\$50,914,175



CONTRACTORS STATE LICENSE BOARD

LICENSING PROGRAM UPDATE

State Agency Outstanding Liabilities Collected

	Employment Dev. Department (EDD)	Franchise Tax Board (FTB)	Department of Industrial Relations (DIR) Division of Labor Standards Enforcement (DLSE) Division of Occupational Safety & Health (DOSH) Office of the Director – Legal Unit (ODL)	Total Liabilities Collected
February 2022	\$1,428,118	\$540,716	\$153,707	\$2,122,541
March	\$2,105,902	\$212,245	\$134,886	\$2,453,033
April	\$734,075	\$263,992	\$171,967	\$1,170,034
May	\$1,163,900	\$149,918	\$247,468	\$1,561,286
June	\$1,228,445	\$858,433	\$22,921	\$2,109,799
July	\$999,272	\$196,712	\$669,945	\$1,865,929
August	\$1,042,901	\$395,882	\$374,290	\$1,813,073
September	\$976,015	\$142,565	\$266,121	\$1,384,701
October	\$1,121,676	\$166,161	\$311,764	\$1,599,604
November	\$409,418	\$415,499	\$94,521	\$919,438
December	\$1,308,171	\$650,514	\$2,930,458	\$4,889,143
January 2023	\$593,297	\$232,795	\$274,564	\$1,100,656
TOTALS	\$13,111,190	\$4,225,432	\$5,652,612	\$22,989,237



CONTRACTORS STATE LICENSE BOARD

TESTING PROGRAM UPDATE

Examination Administration Unit

The Testing Division’s Examination Administration Unit (EAU) utilizes PSI Exams to administer CSLB’s 47 examinations at 20 computer-based test centers. PSI provides applicants with more testing hours that include evening and weekend testing and allows them to select their own test dates, times, and locations. CSLB and PSI mail applicants instructions on how to schedule exams.

EAU provides reasonable accommodations to applicants when needed and approves translator requests for candidates.

EAU currently has no vacancies.

Number of Examinations Scheduled Per Month February 2022 – January 2023

Feb 2022	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2023	Total
5175	6022	6007	5105	5888	2046	3362	3515	3359	3212	3346	3398	50,435

CSLB currently utilizes PSI test centers in the following locations:

- Agoura Hills
- Atascadero
- Bakersfield
- Carson
- Diamond Bar
- El Monte/Santa Fe Springs
- Fresno
- Irvine
- Lawndale
- Redding
- Riverside
- Sacramento
- San Diego
- San Francisco
- Santa Clara
- Santa Rosa
- Union City
- Ventura
- Visalia
- Walnut Creek



Number of Examinations Administered by Test Center

From February 2022 to January 2023, CSLB and PSI test centers administered a total of 50,298 exams. The details about each test center are described below.

Test Center	Number of Examinations Administered
Agoura Hills – PSI	1,766
Atascadero – PSI	281
Bakersfield – PSI	423
Carson – PSI	815
Diamond Bar – PSI	893
El Monte/Santa Fe – PSI	1,636
Fresno – PSI	756
Fresno – CSLB	1,916
Irvine – PSI	1,535
Lawndale – PSI	870
Norwalk – CSLB	6,841
Oxnard – CSLB	3,582
Redding – PSI	293
Riverside/Mission Grove – PSI	2,210
Sacramento – PSI	2,773
Sacramento – CSLB	5,181
San Bernardino – CSLB	4,095
San Diego – PSI	2,374
San Diego – CSLB	2,817
San Francisco – PSI	1,097
San Jose – CSLB	2,796
Santa Clara – PSI	1,625
Santa Rosa – PSI	727
Union City – PSI	647
Ventura – PSI	876
Visalia - PSI	322
Walnut Creek – PSI	1,151
Total	50,298



Examination Development Unit

The Testing Division's Examination Development Unit (EDU) ensures that CSLB's 47 examinations are written, maintained, and updated in accordance with testing standards and guidelines, Department of Consumer Affairs policies, and CSLB regulations, as well as federal and California state law.

Examination Development

State law requires that all license examinations be updated at least every five to seven years. All CSLB examinations meet this standard. The revision process takes approximately one year and is conducted in two phases: 1) occupational analysis and 2) item bank development.

The occupational analysis determines what topics are relevant to each contractor classification and in what proportion they should be tested. This process starts with interviews of a statewide sample of active California licensees in each specific classification. The interviews result in a draft list of the job tasks performed by contractors in that trade and the knowledge needed to work safely and competently. EDU staff then conduct a workshop with licensees who act as subject matter experts to finalize the task and knowledge statements. A large-scale online survey is conducted with a greater number of subject matter experts. A second workshop is then conducted to develop a validation report, which includes an examination outline that serves as a blueprint for constructing examination versions/forms.

The item bank development phase involves numerous workshops with subject matter experts to review and revise existing test questions, write, and review new test questions, and determine the passing score for examinations from that point forward.

The following examinations have been released since October 2022:

- C-39 Roofing
- C-29 Masonry
- C-9 Drywall



Examination Programs in Progress as of January 2023

Occupational Analysis	Item Bank Development
C-34 Pipeline	C-2 Insulation & Acoustical
C-38 Refrigeration	C-4 Boiler, Hot Water Heating, & Steam-fitting
C-47 General Manufactured Housing	C-7 Low Voltage
	C-12 Earthwork and Paving
	C-13 Fencing
	C-17 Glazing
	C-31 Construction Zone Traffic Control
	C-42 Sanitation Systems
	C-46 Solar
	C-49 Tree and Palm
	C-53 Swimming Pool
	C-54 Ceramic & Mosaic Tile
	C-57 Well Drilling
	Hazardous Substance Removal Certification

AGENDA ITEM E-3

Business and Professions Code Section 7068.1 Overview - Criteria for Qualifying Additional Licenses





Business and Professions Code Section 7068.1 Overview – Criteria for Qualifying Additional Licenses

Business and Professions Code (BCP) section 7068.1 outlines the duties of the license qualifier and the rules for qualifying additional licenses. On February 16, 2023, the Licensing and Legislative Committee considered two proposed amendments to Section 7068.1.

- (1) The first proposed amendment is recommended by staff and included in Agenda Item H (2) in the legislation portion of this packet for the Board to consider. It relates to removing a requirement recently added by the legislature that applicants to be a license qualifier provide the board a copy of their current employment duty statement. Item H (2) of this packet describes the Licensing Division's concerns with the requirement. On February 16, the Legislative Committee voted to recommend to the full board that staff pursue a legislative proposal to remove the duty statement requirement from section 7068.1.
- (2) The second proposed amendment to section 7068.1 was recommended by industry stakeholder Contractors License Center. Currently, one of the ways an applicant can qualify an additional entity is to show that they have 20% ownership in the new entity, or the new entity is a subsidiary, or that most of the personnel are the same between the current entity and the new one. This proposal would remove the ownership and subsidiary provisions and replace them with the existing \$25,000 qualifier license bond. The practical effect is to simply require a CSLB qualifier bond if you want to qualify an additional entity and most of the personnel for the new entity are not the same. While the idea is simple in concept, staff believe additional research is needed to determine the full impact of the proposal, which may require several clarifying amendments to CSLB laws. As a result, during the February 16 Legislative Committee meeting, the committee recommended staff perform additional research.

LEGISLATIVE COMMITTEE RECOMMENDATION: Recommend the full board direct staff to perform additional research to determine the consumer protection value this bond would provide.

AGENDA ITEM F

Enforcement



AGENDA ITEM F-1

2022 Activities and Accomplishments Report



AGENDA ITEM F-2

Enforcement Program Statistical Update





CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE & STATISTICAL REVIEW

Enforcement Program Update and Statistical Review

Staff Vacancy Update

There are currently 22 vacancies in the Enforcement Division out of 231 authorized. The division's management team is working hard to fill these vacancies, and candidates have been selected and are pending approval for 8 positions. The other 14 positions are publicly posted or are under review for public posting. The current vacancies are listed below by position classification.

<i>Position Classification</i>	<i>Vacant</i>
Supervising Special Investigator I	2
Special Investigator	11
Consumer Services Representative	5
Office Technician (Typing)	3
Program Technician II	1
TOTAL	22

Investigation Highlights

Santa Rosa Tubbs Fire Contractor Sentenced to State Prison

Chiaramonte Construction & Plumbing, based in Tulare County, came to Santa Rosa after the 2017 Tubbs Fire killed 22 people and destroyed 4,600 homes. The Chiaramontes signed contracts with approximately 40 wildfire survivors, including several who were elderly, who had either lost their homes or suffered severe damage. It was not long before CSLB and the Sonoma County District Attorney's Office (DA's Office) received complaints. Customers complained of paying money for work that was either poorly done or not done at all, despite constant promises from the Chiaramontes. The combined losses of Chiaramonte customers were estimated at \$2 million.

CSLB's investigation of the Chiaramontes was handled by a Peace Officer with the Board's Special Investigations Unit, who worked closely with the DA's Office to assemble the complex case against the Chiaramontes. The hard work of the investigator resulted in the Chiaramontes and their daughter, Amy Diane Perry, each being charged with 59 felony counts in July 2020. The charges included grand theft, diversion of funds, theft by false pretenses, and elder abuse.

On April 22, 2022, all three defendants signed plea agreements. On October 24, 2022, Sonoma County Superior Court Judge Troye Shaffer tossed out the no contest pleas and opened the door for three defendants to stand trial. On February 14, 2023, four



months after Judge Shaffer rejected their plea deal, Judge Shaffer convicted and sentenced Salvador Chiaramonte, Pamela Chiaramonte, and Amy Perry after they accepted responsibility for defrauding victims of the 2017 Tubbs Fire. Salvador Chiaramonte received the heftiest sentence after he pleaded guilty to 13 felony counts of diverting construction funds and one felony count of elder abuse. He was placed in handcuffs and was ordered to spend three of the next six years in prison. The rest of his sentence will be served under supervised release.

Perry pleaded guilty to one felony count of diverting funds and was sentenced to 180 days in a work-release program. Her sentence will include three consecutive weekends in custody. Pamela Chiaramonte was sentenced to 60 days of work release after she pleaded guilty to a misdemeanor count of diversion of funds.

The Chiaramontes were also ordered to pay a total of \$1.19 million in restitution to 16 families.

Eco Technology

On October 27, 2022, the Los Angeles County District Attorney's Office announced that three people have been charged in a 159-count complaint with identity theft, grand theft, and residential burglary in a home improvement loan scam that cost lenders \$3.4 million.

A CSLB Peace Officer (investigator) served numerous search warrants and sifted through a multitude of documents to connect the Eco Technology owners to the fraud. On October 27, 2022, law enforcement personnel and the investigator served search and arrest warrants on the accused individuals – Norbertas Sinica of Thousand Oaks, Selena Garcia of Riverside and Kelliams S. Chavistad of Long Beach. Among the charges are residential burglary, identity theft, financial elder abuse, and grand theft.

Sinica owned and operated Eco Technology, which advertised tankless water heaters and other energy-efficient products. Garcia and Chavistad were employed by the company to solicit customers. While on in-home sales calls in 2018 and 2019, the company representatives allegedly would tell customers that the energy efficiency upgrades would cost them nothing. The representatives would allegedly collect personal information from the homeowners and use it to apply for loans through the Property Assessed Clean Energy (PACE) program for Eco Technology's benefit. PACE allows property owners to finance energy improvement projects as a tax assessment on their property tax bills.

In most instances, the homeowners were not aware that an assessment had been recorded against their property until they received their tax bills, which had increased significantly. There are 32 homeowner victims cited in the complaint. Most of the tax levies were later discharged by the lenders, costing PACE \$1.3 million and the energy trading company Energy Efficient Equity, Inc. (E3) \$2.1 million.



Significant Solar Investigation Highlights

Eco Solar

A CSLB Peace Officer (investigator) received information in late 2018 from the Los Angeles City Attorney's Office regarding possible construction fraud. The primary suspect was identified as Jose Nelson Solis (Nelson Solis), owner of Eco Solar Home Improvement (Eco Solar). The investigator worked with Los Angeles City Attorney's Office to conduct an unfair business practice investigation against Eco Solar. In July 2022, approximately 100 homeowners were awarded \$2.2 million in restitution from a Los Angeles judge.

In November 2022, the Special Investigation Unit met with Los Angeles District Attorney's Office (DA's Office) to discuss the Eco Solar case and what additional information would be needed for the DA's Office to pursue criminal charges against Nelson Solis. In December 2022, the investigator sent a report to the DA's Office requesting grand theft, diversion of construction funds, and conspiracy charges be filed against suspects Nelson Solis, Max Ramos Hernandez, Edgar Israel Montepeque, Raul Armando Amaya, and Edduy Mercedes Pena in the Eco Solar investigation. Additional charges against Nelson Solis and Pena were requested, which were fraudulent use of a contractor's license and acting in the capacity of a contractor without a license.

The homeowners in the Eco Solar complaints were approached by Eco Solar's unregistered salespeople who solicited for construction business going door-to-door while Eco Solar representatives would also approach homeowners at locations where homeowners might go to pay utility bills. Eco Solar also advertised as a solar and home improvement contractor in magazines and fliers and on the radio, targeting Spanish speakers, making numerous false claims.

The homeowners entered home improvement contracts with Eco Solar, for garage conversions into accessory dwelling units (ADUs), home additions, extensive exterior and interior remodeling, and other home improvements. A few homeowners did not receive written contracts and entered verbal agreements with Eco Solar. Those who did receive written contracts included the license of a separate contractor – Ramos Hernandez, who agreed to enter a partnership with Nelson Solis in exchange for a monthly fee. Nelson Solis used this license to contract for construction work and to obtain building permits and PACE financing.

Eco Solar salespeople processed PACE applications on behalf of the homeowners, with minimal or no explanation of the financing terms, and in some cases without the consent of the homeowners. PACE funds would be disbursed to the contractor performing the work and not to the homeowners liable to repay the loan. Upon submitting the financing application, Eco Solar people would submit a certification of completion, attesting that the work had been completed, without consent from the homeowners. This way, Eco Solar secured collecting the funds when the work had not yet commenced.



In at least three cases where the homeowners paid for their projects in cash, Nelson Solis unlawfully requested extremely high deposits. In these cases, Nelson Solis performed minimal demolition work only and collected thousands of dollars in cash from the homeowners. The cash payments were done directly to Nelson Solis, Eco Solar Plus (a company owned by Nelson Solis), and Edgemont Construction (a partnership between Nelson Solis and licensed contractor Montepeque). Montepeque agreed to enter a partnership with Nelson Solis for the use of the license, in exchange for \$10,000 per month.

Eco Solar collected at least \$1.5 million from PACE funds and approximately \$207,300 in cash payments from the homeowners. None of the construction projects were finished. The little construction work done was performed by unlicensed operators who claimed abandoning the job because Nelson Solis did not pay for the services they had provided.

Bright Energy Inc.

Three people were charged in November 2022 in a consumer fraud and identity theft scheme involving Bright Energy Inc. The Los Angeles County District Attorney's Office filed burglary, grand theft, diversion of construction funds and other related charges against Pedro De Jesus Diaz, Mahsa Karaimaghaei and Elaheh Esfahani Salahi.

Diaz used at least two business names: Bright Energy Inc. and P&E Consultants, known collectively as the Diaz Companies. The investigation determined that beginning as early as October 2017, the Diaz Companies presented themselves as a company that was experienced in providing highly efficient products, such as solar panels, roofing and heating or air conditioning units, and obtaining financing for such projects. Diaz Companies targeted the elderly and non-English-speaking communities. However, Diaz, Salahi, Karaimaghaei and Diaz Companies are not licensed contractors in California.

To appear legitimate and persuade victims to provide their personal information for construction loans, Diaz Companies also made a variety of false claims including that Diaz Companies were working with the Los Angeles Department of Water and Power (LADWP). The investigation found Diaz Companies would provide victims a LADWP flyer and falsely claim an upcoming law mandated that all residences have solar panels.

Diaz Companies was enrolled in the state's PACE loan program. Between 2018 and 2019, the defendants have been accused of making false and misleading statements to nine consumers to do construction on their homes. The defendants allegedly used the homeowners' personal information to apply for loans without permission. Even though Diaz Companies had obtained these loan funds for construction projects, the construction at the victim's residences varies in status of completion: completed with problems, partially complete or no construction at all.

The investigation revealed that victims provided Diaz Companies with personal information that enabled Diaz Companies and affiliated entities to obtain payments from lenders of approximately \$843,000.

**Complaint Handling Statistics (For October 1, 2022, to January 31, 2023)****Investigations Initiated & Complaints Received**

CSLB initiated 6,597 investigations from October 1, 2022 to January 31, 2023.

Pending Investigations

- With current staffing levels, the optimum maximum Enforcement Division caseload is 4,210 pending complaints. As of January 2023, the pending caseload was 5,570.

Special Investigator Production Goals

- For October 1, 2022 to January 31, 2023, the weighted monthly case-closing average per Special Investigator in CSLB Investigative Centers was 9 closures per month, one less than the closure goal of 10.

Complaint-Handling Cycle Time

The Board's goal is to appropriately disposition all but 100 complaints within 270 days of receipt. As of January 31, 2023, 283 complaints exceeded 270 days in age.

Restitution to Financially Injured Persons

- CSLB continues to assist consumers and help licensees resolve non-egregious consumer complaints. From October 1, 2022, to January 31, 2023, complaint negotiation efforts by the IMC and Investigative Centers resulted in more than \$9.1 million in restitution to financially injured parties.

Investigative Center Legal Actions

- From October 1, 2022, to January 31, 2023, the Investigative Centers referred 270 (21 percent) of the 1,310 legal action investigations for criminal prosecution.

Case Management Activities (For October 1, 2022, to January 31, 2023)**Arbitration**

- 187 arbitration cases were initiated, resulting in \$1,104,461 in restitution ordered to injured parties.
- 25 licenses were revoked for non-compliance with an arbitration award.



Citations

	<i>Licensees</i>	<i>Non-Licensed</i>	<i>Total</i>
Citations Issued	283	250	533
Citations Appealed	113	93	206
Citations Complied With	187	134	321

Civil Penalties Collected

- Licensee citation civil penalties
 - Informal citation conferences conducted: 90
 - Civil penalties collected: \$608,100
 - Restitution Ordered: \$394,556
- Non-licensee citation civil penalties
 - Informal settlement conferences conducted: 66
 - Civil penalties collected: \$176,957

Accusations

Accusations Filed	68
License Revocations	70
Licenses Placed on Probation	20
Restitution Paid to Injured Parties	\$207,815
Cost Recovery Collected	\$212,340

Letter of Admonishment

The Letter of Admonishment is an intermediate form of corrective action introduced by CSLB in 2018 to enhance public protection by promptly addressing single, non-egregious violations by licensed contractors. The letter provides for one year of public disclosure after issuance, offers an option for requiring corrective action by the contractor, and provides written documentation that can be used to support formal disciplinary action in the future, if warranted.

From October 1, 2022 to January 31, 2023, CSLB issued 108 Letters of Admonishment. The most common violations cited in Letters of Admonishment during that timeframe were conviction of a non-violent misdemeanor criminal offense, violation of a statute or regulation including permit requirements, and failure to meet home improvement contract requirements.



Contractors who receive a Letter of Admonishment are afforded an opportunity to contest its issuance via an Office Conference CSLB administers. The Office Conference procedures allow the presiding official to uphold, modify, or withdraw the Letter of Admonishment based on their review of the case. Between October 1, 2022, to January 31, 2023, CSLB conducted two Office Conferences. As a result of those conferences, two Letters of Admonishment were upheld as issued and zero were withdrawn.

Beginning in 2020, contractors who have violated local permit requirements have been issued a Letter of Admonishment with a corrective order to complete a video training session on building permits. Violators who do not complete the training are subject to an administrative citation. Between October 1, 2022, to January 31, 2023, 16 Letters of Admonishment included a requirement to complete the permit training.

Statewide Investigative Fraud Team

CSLB's Statewide Investigative Fraud Team (SWIFT) is comprised of Special Investigators who enforce license and workers' compensation insurance requirements at active jobsites, respond to leads, and conduct enforcement sweeps and undercover sting operations targeting unlicensed persons.

From October 1, 2022, to January 31, 2023, SWIFT conducted six sting operations, participated in 109 sweep days, and responded to 306 leads. SWIFT closed 1,157 cases as a result of stings, sweeps, and leads. Of these 1,157 cases, 330 resulted in an administrative or criminal legal action, as well as the issuance of 427 advisory notices for minor violations.

District Attorney Referrals

From October 1, 2022, to January 31, 2023, SWIFT referred 99 cases to local district attorneys' offices for criminal prosecution – 83 for contracting without a license and 16 against licensees, primarily for failure to secure workers' compensation insurance.

Administrative Actions

From October 1, 2022, to January 31, 2023, SWIFT issued 177 licensee and non-licensee citations, issued 45 Letters of Admonishment, filed nine accusations, and assessed \$231,650 in non-licensee citation civil penalties. Administrative violations include working out of classification, working under a suspended or expired license, failing to obtain permits, and other license law violations that do not warrant a criminal referral.

Stop Orders

A Stop Order is a legal demand to cease all employee labor at any jobsite due to workers' compensation insurance violations until an appropriate policy is obtained. Failure of a contractor to comply with a stop order is a misdemeanor criminal offense, punishable by up to 60 days in county jail and/or a fine of up to \$10,000. From October 1, 2022, to January 31, 2023, SWIFT issued 74 Stop Orders to licensed and unlicensed individuals for using employee labor without having a valid workers' compensation policy.



Outstanding Tax and State Agency Liability Suspensions

CSLB can suspend a license if the licensee is delinquent in paying outstanding liabilities owed to CSLB or to other state agencies. The table below summarizes liabilities owed to state agencies that were collected or resolved to avoid a license suspension or to reinstate a suspended license.

Amounts Collected or Resolved

	2020	2021	2022	2023 (through 1/31/23)
CSLB	\$139,775	\$82,938	\$104,507	\$11,605
EDD	\$10,372,682	\$9,149,749	\$13,280,832	\$593,297
DIR-Cal/OSHA	\$1,031,736	\$267,256	\$243,066	\$0
DIR-DLSE	\$2,726,391	\$3,476,291	\$5,217,626	\$274,564
FTB	\$4,211,003	\$5,868,340	\$4,024,936	\$232,795
Totals	\$18,481,587	\$18,844,574	\$22,870,967	\$1,112,261

Note: Information was not received from Cal/OSHA for January 2023.

Labor Enforcement Task Force

The Labor Enforcement Task Force (LETF) is comprised of investigators from CSLB, the Department of Industrial Relations (DIR) Division of Labor Standards and Enforcement (DLSE) and Division of Occupational Health and Safety (Cal/OSHA), as well as the Employment Development Department (EDD). LETF combats the underground economy in California and aims to ensure that workers receive proper payment of wages and are provided a safe work environment. Below are LETF statistics for October 1, 2022, to January 31, 2023:

LETF Activity

CATEGORY	RESULT
Number of Contractors Inspected	52
Number of Contractors Out of Compliance	37
Percentage of Contractors Out of Compliance	41%
Total Initial Assessments	\$97,425

Note: The results reflect joint LETF inspections with Cal/OSHA, CSLB, DLSE & EDD. Total initial assessments reflect the amount assessed by Cal/OSHA and DLSE at the time of the inspection. These amounts are subject to change.



Training Update

- **New Investigator Orientation** – To ensure comprehensive and consistent onboarding training, the Enforcement Division this year implemented a new 44-item checklist for supervisors to use when training newly hired investigators.
- **Monthly Attorney General Roundtables** – Monthly meetings conducted by Deputy Attorney General liaisons commenced in October 2022 and are scheduled through 2023. The meetings are in-person at rotating CSLB offices and are virtual to provide for all investigator attendance.
- **District Attorney Training** – When possible, CSLB has arranged with local district attorneys' offices to present specialized training to CSLB investigators in various field offices. Topics covered in recent sessions have included criminal referrals, elder abuse, and investigator safety.
- **National Certified Investigator/Inspector Training (NCIT)** – In November 2022, 18 Special Investigators attended the NCIT Online Specialized Program presented by the Council on Licensure, Enforcement and Regulation (CLEAR). This program covered advanced certification in individual subject areas including interviewing techniques, investigative analysis, and report development.

AGENDA ITEM F-3

Update on the Solar Energy System Restitution Program





CONTRACTORS STATE LICENSE BOARD

SOLAR ENERGY SYSTEM RESTITUTION PROGRAM UPDATE

Update on the Solar Energy System Restitution Program (SESRP)

CSLB’s Solar Energy System Restitution Program (SESRP) was created in 2021 by Assembly Bill (AB) 137. The program was designed to provide financial restitution to owners of single-family residences who were financially harmed by a solar contractor because of fraud, misrepresentation, or other unlawful act, such as poor workmanship or abandonment, and who do not have available reimbursement from another source.

AB 137 included a \$5 million appropriation to CSLB from the state’s General Fund. Of those funds, \$4 million was made available for restitution and, if needed, up to \$1 million was allocated to pay for CSLB administrative costs. Any homeowner who used a licensed or unlicensed contractor after January 1, 2016, to contract for the installation of a solar energy system on a single-family residence and can demonstrate to CSLB a financial loss or injury as result of specified acts may be eligible for restitution from the fund. The program became fully operational in late 2021.

SESRP has been extremely well received by the victims of solar-related fraud, many of whom had given up any hope of recovering their lost funds. Due to recent and ongoing publicity, SESRP activity has increased substantially. From a handful of claims approved in late 2022, the total restitution paid to consumers has increased to more than \$2.7 million. As of January 27, 2023, staff reports the following totals for SESRP:

<i>SESRP Activity as of January 27, 2023</i>	
Claims Received	513
Claims Approved	209
Restitution Approved for Payment	\$2.7 Million
Claims Closed Without Restitution Paid *	177
Claims Pending	127

* Reasons for closure without payment include duplication of claims, lack of jurisdiction, respondent contractor has a valid license, and insufficient evidence to support a financial injury.

The California Public Utilities Commission (PUC) had previously passed a decision requiring PG&E host a public meeting with CSLB, PUC, and stakeholders regarding the following:

- Fund status
- Review of fund disbursement procedures
- Possible need for additional funding, and if so, funding options

This meeting was held on December 6, 2022.

PACE Restitution Fund Update

The success of the SESRP has led to some interest in creating a larger, similar restitution fund for other projects that were funded through the Property Assessed Clean



Energy (PACE) program. The efforts to fund a PACE restitution fund are being led by the Clean Energy Justice (CEJ) group, a coalition of 12 public advocacy groups including the National Housing Law Project (NHLP). CEJ has proposed the creation of a \$32.5 million PACE restitution fund, with \$2.5 million of that amount allocated for administration of the fund. NHLP staff have discussed the proposal with CSLB and are recommending that CSLB administer the program if it is funded by the legislature. A proposed PACE restitution fund was discussed at the February 16, 2023, Legislative Committee Meeting.

Solar Energy System Restitution Program Continuation

CSLB has been successful in administering SESRP. To date, CSLB has issued \$2.7 million in restitution to consumers who were financially harmed by solar contractors. While claims continue to be submitted, this one-time appropriation is projected to be expended by claims already received and yet to be processed.

Additionally, the Enforcement Division reports solar complaints are trending upwards with a 101% increase in photovoltaic solar energy system complaints received when comparing 2018 to 2022.

Solar Complaints Received

Year	2018	2019	2020	2021	2022
Complaints Received	892	857	1,170	1,225	1,811
Average per Month	74	71	98	102	151

CSLB is recommending stronger enforcement policy when violations are found. Based on the increasing volume of consumer complaints, restitution claims, and the value of consumer protection provided by the program, CSLB staff have concluded SESRP needs continued funding. Thus, CSLB would like to consider potential sources of funding for solar restitution that do not impact contractors in unrelated classifications. Potential sources of funding under consideration are:

- Additional funding through a proposed PACE restitution fund that would earmark additional funding for SESRP claims as well as an extension of the July 2024 sunset of the SESRP program.
- Authority for CSLB to require a licensee to pay a fee to cover the cost of investigation and enforcement when a solar contractor is found to be in violation of the Contractors State License Law. This will incentivize cooperation by those being investigated, which will lead to faster resolution of consumer complaints.



Additionally, the fees will help to offset the cost of investigating or providing restitution for solar complaints.

- Consideration of a proposal to assess a fee for interconnection to the grid.

Staff Recommendation: The Legislative Committee to recommend to the full Board to consider alternative means of funding to continue SESRP.

AGENDA ITEM G

Public Affairs



AGENDA ITEM G-1

2022 Activities and Accomplishments Report



AGENDA ITEM G-2

Public Affairs Update





CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS PROGRAM UPDATE

Public Affairs Program Update

CSLB's Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer communications, as well as outreach. PAO provides proactive public relations, response to media inquiries, publication and newsletter development and distribution, and contractor education and outreach.

PAO creates and posts content on the CSLB social media channels to educate and inform consumers, licensees, the construction industry, and government officials. PAO staff produces content for the CSLB website that includes webcasts and videos. The staff also conducts Senior Scam StopperSM and Consumer Scam StopperSM workshops, holds seminars for both disaster survivors and contractors in disaster zones, and presents speeches to service groups and organizations. Staff also develops posts for the employee intranet.

Disaster Response

CSLB works to educate property and business owners, so they are not harmed by unlicensed and other unscrupulous contractors after a disaster. Many individuals try to take advantage of disaster survivors during the rebuilding process.

At the end of 2022, a significant earthquake struck Humboldt County while also at the end of 2022 and into 2023, a series of winter storms caused widespread damage around California. As a result, CSLB staffed and participated in 12 disaster recovery centers (DRCs) throughout California through January 31, 2023.

Disaster	DRC Location	Resources
1. Humboldt Earthquake	Rio Dell (Humboldt County)	In-Person Staffing
2. Winter Storms	Merced (Merced County)	In-Person Staffing
3. Winter Storms	Galt (Sacramento County)	In-Person Staffing
4. Winter Storms	Watsonville (Santa Cruz County)	In-Person Staffing
5. Winter Storms	Spreckels (Monterey County)	In-Person Staffing
6. Winter Storms	Felton (Santa Cruz County)	In-Person Staffing
7. Winter Storms	San Luis Obispo (San Luis Obispo County)	In-Person Staffing
8. Winter Storms	Salinas (Monterey County)	In-Person Staffing
9. Winter Storms	Santa Barbara (Santa Barbara County)	In-Person Staffing



Disaster	DRC Location	Resources
10. Winter Storms	Santa Maria (Santa Barbara County)	In-Person Staffing
11. Winter Storms	Stockton (San Joaquin County)	In-Person Staffing
12. Winter Storms	Placerville (El Dorado County)	In-Person Staffing

CSLB also maintains a toll-free disaster hotline, serviced by Intake and Mediation Center staff Monday through Friday from 8 a.m. to 5 p.m. The hotline is promoted in various publications, as well as on disaster signs posted in disaster zones and provided at the DRCs. CSLB’s disaster response includes immediate and longer-term outreach, enforcement efforts, participation in multi-agency task forces, and assistance for affected licensees.

Short- and Long-Term Outreach

PAO coordinates additional outreach to congressional offices and state legislator offices in the affected disaster areas, as well as building departments, construction industry associations, and chambers of commerce.

PAO contacts local counties and jurisdictions to set up disaster rebuilding workshops for longer-term outreach. CSLB offers two disaster rebuilding workshops:

1. For disaster survivors looking to rebuild.
2. For contractors who plan to work on the rebuilding effort.

The disaster survivor workshop includes essential consumer protection tips, information about contractor licensing and other requirements, insurance issues, how to work with an architect, and an update on the rebuilding effort provided by the local building department.

The contractor workshop includes a building department update on the local rebuild and any special rules established for plan approvals and inspections. Licensing requirements are covered, as are bonds and insurance, how to obtain a workers’ compensation insurance policy, contract requirements, how to prevent complaints, and how the selection of building materials and the choice of building methods can help prevent future disasters.

CSLB also makes regular disaster-related posts through its social media channels, including Facebook, Twitter, and Instagram.

**Task Force Participation**

CSLB staff participate on a multi-agency task force established by the California Governor's Office of Emergency Services that focuses on rebuilding and housing. The task force includes representatives from local, state, and federal agencies, with a goal of coordinating and streamlining the debris cleanup efforts and addressing both short-term housing needs for survivors and the rebuild.

Assistance for Licensees/Applicants

PAO communicates via social media, industry bulletins, and the website that CSLB continues its practice of waiving fees for licensees to replace their wall certificate and/or plastic pocket license in disaster zones. PAO also communicates that CSLB waives delinquent fees for failure to renew a license before it expires for disaster survivors and works to expedite license applications for those planning to work in disaster areas.

Video/Digital Services**Consumer, Licensee and Applicant Tips Videos**

Public Affairs staff develop consumer and licensee tips videos for promotion on social media and the CSLB website.

Topics have included tips on how to renew the active single qualifier license online, what seniors should know about hiring a contractor, and understanding contractor advertising guidelines. In addition, Public Affairs has developed disaster-related videos, including contracting in disaster areas, rebuilding after a disaster, and consumer warnings about unlicensed contractors working in disaster areas.

Staff continue to translate and produce Spanish consumer and licensee tips videos, including a series on how to navigate the CSLB website and advice on hiring a licensed contractor.

Staff have also continued to produce English and Spanish versions of the monthly *Get Licensed to Build* workshop for those interested in a contractor's license. These live webcasts have been well attended via WebEx, Facebook, and YouTube, and are also archived on CSLB's website.



Webcasts/Videos Produced

**Live/Recorded Videos
October 1, 2022 – January 31, 2023**

Date Published	Video Title
10/7/2022	Get Licensed to Build Workshop
10/12/2022	Guía de Publicidad para contratistas (Contractor Advertising Guidelines)
10/21/2022	Get Licensed to Build Workshop (Spanish)
11/4/2022	Get Licensed to Build Workshop
11/18/2022	Get Licensed to Build Workshop (Spanish)
11/23/2022	CSLB Guide to Renewing Your Active Single Qualifier License
12/2/2022	Get Licensed to Build Workshop
12/8/2022	CSLB Board Meeting
12/16/2022	Get Licensed to Build Workshop (Spanish)
1/6/2023	Get Licensed to Build Workshop
1/18/2023	Participa en nuestro workshop para obtener la licencia para construir (Spanish licensing workshop promo video)
1/20/2023	Get Licensed to Build Workshop (Spanish)
1/25/2023	What Seniors Should Know About Hiring a Contractor (2023)

Social Media Highlights

**Followers on CSLB’s Social Media
October 1, 2022 – January 31, 2023**

Date	Facebook	Twitter	YouTube	LinkedIn	Instagram
October 2022	5,906	2,918	4,085	687	1,501
November 2022	5,930	2,930	4,196	707	1,531
December 2022	5,966	2,942	4,299	736	1,576
January 2023	6,089	2,981	5,110	823	1,747



Increasing Engagement

Public Affairs takes social media beyond just posting information; staff aim to encourage followers to engage with our content. For instance, in December Public Affairs quizzed CSLB’s followers if they knew how much down payment can a California contractor legally ask for. This is one of the unique ways Public Affairs interacts with followers.



Fraud Alert for Licensees

CSLB was receiving calls from licensees regarding fraudulent text messages. Social media gave Public Affairs an immediate avenue to warn licensees about this scam and the information was shared by the Department of Consumer Affairs and other public officials, which increased its reach.



Consumer Education and Disaster Response

With the terrible storms that have left devastation around the state, CSLB made disaster materials and resources available to consumers. For instance, Public Affairs shared information for homeowners to be aware of door-to-door solicitors during this time.

Facebook Growth

Between October 1, 2022, and January 31, 2023, CSLB reached 11,547 people on its Facebook page.

- 67 percent of those who follow CSLB on Facebook are male, 32 percent female.
- 56 percent of CSLB’s Facebook followers are between the ages of 35 and 54.
- Most viewed posts:
 - Text Message Scam – reached 1,995 followers
 - Consumer: Get at least three bids – reached 1,343 followers

Twitter Growth

On CSLB’s Twitter account, between October 1, 2022, and January 31, 2023, CSLB had 10,300 impressions. CSLB has 2,981 Twitter followers.

The most popular categories of Twitter posts are disaster recovery, sting operations, and news releases.

Top tweets:

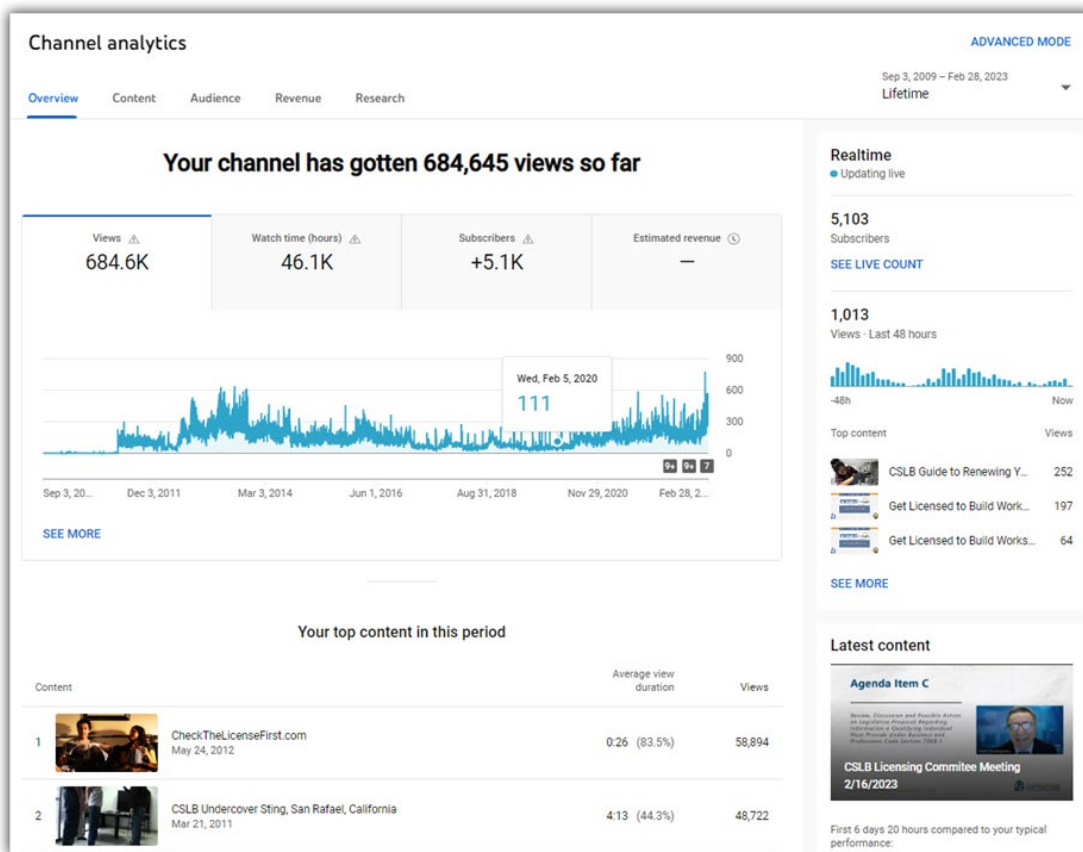
- CSLB is here for the residents of Humboldt County who were impacted by today’s 6.4-magnitude earthquake. Visit our Disaster Help Center before rebuilding or making major repairs to your home: **917 impressions**
- Alert! 🚫 CSLB is aware of a text message being sent to contractors, asking them to click a link to avoid revocation. Please do not click the link. The number is not affiliated with CSLB. CSLB will not contact you via text message: **766 impressions**



- As more homes become impacted by the series of storms in California, we are asking homeowners to stay vigilant and to always check a license before hiring someone to do the work: **623 impressions**

YouTube Channel Growth

CSLB’s YouTube channel continues to grow, with an increase of approximately 546 subscribers, 2,200 hours of watch time, and 26,100 more views since October 2022. The channel has a total of 684,600 views (46,100 hours watched) and 5,103 subscribers since the page was created in 2009.



Instagram Growth

CSLB currently has 1,747 Instagram followers, an increase of 171 since October 1, 2022.

- 70 percent of CSLB Instagram followers are between the ages of 25-44.
- 72.9 percent of CSLB Instagram followers are male, 27.1 percent female.



- CSLB's audience is most likely to be on Instagram between 9 a.m. and 9 p.m.
- The top cities CSLB reaches on Instagram are Los Angeles, Sacramento, San Jose, San Diego, and Anaheim.
- 85 percent of CSLB Instagram followers are from the United States.

LinkedIn Growth

PAO actively posts current job vacancies to LinkedIn, a business-oriented social networking site primarily used for professional networking. LinkedIn can increase exposure and act as an effective recruiting tool to attract quality employees for CSLB positions. As of January 31, 2023, CSLB has 762 followers. It received 655 page views from October 1, 2022, to January 31, 2023.

Email Alert Feature

CSLB has a website feature that allows people to subscribe to various email alerts. The total subscriber database currently is 51,833.

These include:

- Industry Bulletins
- CSLB Job Openings
- Public Meeting Notices/Agendas
- *California Licensed Contractor* Newsletters
- News Releases/Consumer Alerts
- Surveys
- Podcasts/Webcasts

Industry Bulletins

Important CSLB updates are issued in Industry Bulletins, which are emailed to those who signed up via CSLB's Email Alert System. From October 1, 2022, to January 31, 2023, CSLB issued six Industry Bulletins including new workers' compensation insurance requirements, a text message scam directed at contractors, and new laws affecting contractors in 2023.



**Industry Bulletins
October 1, 2023 – January 31, 2023**

Date	Industry Bulletins
10/4/2022	Contractors State License Board Offers Online Process for Licensees Adding Home Improvement Salesperson Data
10/13/2022	Workers' Compensation Insurance Required for Four Additional License Classifications
11/18/2022	CSLB Shares Additional Details Regarding Workers' Compensation Insurance Requirement for Four Additional License Classifications
11/23/2022	CSLB Reminds Contractors of Progress Payment Restrictions
12/10/2022	Fraud Alert: Scammers Threaten License Revocation Via Text Message
12/22/2022	CSLB Reminds Licensee of New Laws Beginning January 1, 2023

Media Relations

Media Calls

From October 1, 2022, to January 31, 2023, PAO responded to 14 media inquiries, providing information and/or interviews to a variety of media outlets.

News Releases

PAO issued four news releases from October 1, 2022, to January 31, 2023. The releases covered a Los Angeles home improvement loan scam, the Humboldt County earthquake, winter storm damage, an undercover sting operation in Tulare County, and a joint news release with the California Office of the Attorney General regarding contractor scams.

Consumer/Community Outreach

Senior Scam StopperSM Seminars

CSLB continues to provide virtual and in-person Senior Scam StopperSM (SSS) seminars. The workshops are held virtually via Zoom, WebEx and Facebook Live.



**Outreach Events
October 1, 2022 – January 31, 2023**

Date	Location	Legislative/Community Partner(s)
October 4, 2022	Barstow	Barstow Senior Center
November 3, 2022	Reseda	Assemblymember Jesse Gabriel
November 3, 2022	Virtual	Ventura County Community Development Corporation
November 9, 2022	Clovis	Assemblymember Jim Patterson
November 15, 2022	Virtual	Senator Scott Wilk
November 18, 2022	Virtual	California Alliance for Retired Americans (CARA)
November 21, 2022	Escondido	Senior Scam Stopper with Sen. Brian Jones
January 11, 2023	Virtual	Senior Scam Stopper with Town of Los Altos Hills Parks and Recreation Department
January 18, 2023	Virtual	Senior Scam Stopper with Sen. Scott Weiner

Publication/Graphic Design Services

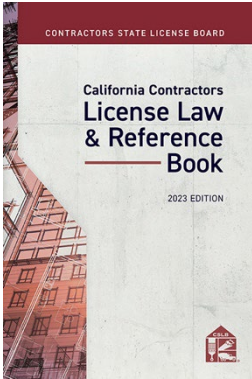
From October 1, 2022, through January 31, 2023, PAO’s Graphic Design Unit completed the following publications and reports.

**Publications & Reports
October 1, 2022 – January 31, 2023**

Publications & Reports
December 8, 2022, Quarterly Board Meeting Packet
A Consumer Guide to Filing Construction Complaints brochure



2023 California Contractor License Law & Reference Book



The 2023 edition of the *California Contractor License Law & Reference Book* was released at the end of January 2023 and distributed to CSLB staff around the state, as well as deputy attorneys general.

Intranet/Employee Relations

CSLBin is the employee-only intranet site. Stories and photos highlight employee and organizational accomplishments. The site also contains the latest forms, policies, reports, and other information used by CSLB staff around the state. From October 1, 2022, to January 31, 2023, PAO published 4 employee intranet articles.

**Employee Intranet Stories
October 1, 2022 – January 31, 2022**

Date Published	Title
10/14/2022	Enforcement Supervisor Retires After 17 Years at CSLB
10/31/2022	Register for CSLB's Annual Chili Cook-Off
11/4/2022	Halloween Costume Contest Winners
12/16/2023	CSLB Celebrates Staff with Delicious Lunch, Raffle Prizes, and Holiday Cheer



Public Information Center Statistics

As of October 3, 2022, the Licensing Information Center transitioned to the Public Information Center under the Public Affairs Office.

Public Information Center Statistics

Inbound Activity	October 2022	November 2022	December 2022	January 2023
Calls Received	10,985	10,431	10,422	13,282
Calls Answered	9,935	9,040	8,675	9,742
Caller Abandoned	1,037	1,388	1,743	3,523
Longest Wait Time	0:19:53	0:32:30	0:27:54	0:54:01
Shortest Wait Time	0:00:52	0:01:22	0:00:50	0:11:03
Avg. Wait Time	0:06:57	0:10:20	0:12:50	0:22:47

Public Information Center Call Data – Prior Calendar Years

Inbound Activity	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Calls Received	166,918	152,845	149,462	149,462	140,589	140,409
Calls Answered	147,074	137,270	136,776	98,044	116,304	119,693
Caller Abandoned	16,527	9,426	7,859	35,865	23,983	20,496
Average Longest Wait Time	0:01:36	0:10:48	0:08:33	0:46:23	0:33:56	0:34:45
Average Shortest Wait Time	0:00:12	0:01:04	0:00:48	0:04:23	0:03:11	0:01:24
Average Wait Time	0:06:46	0:04:21	0:03:34	0:25:27	0:14:38	0:11:06

AGENDA ITEM G-3

Update, Review, Discussion and Possible Action on 2022-24 Public Affairs Strategic Plan Objectives





Update, Review, Discussion and Possible Action on 2022-24 Public Affairs Strategic Plan Objectives

Strategic Plan Objective 4.2: Establish a CSLB-specific new board member orientation to educate board members about legislative processes, licensing and testing functions, and enforcement procedures. Target date: January 2023

The Public Affairs Office is requesting an extension on the target date for this objective to June 2023. Public Affairs has faced staffing shortages since the objective was adopted in 2022 and is looking to expand on this objective once additional staff are hired in Spring 2023. Once the Associate Governmental Program Analyst (Outreach Coordinator) and Information Officer I are hired, they will be expected to work on this project by creating a workgroup involving Legislation, Licensing, Testing, and Enforcement in order for them to learn the processes and create the board member orientation.

AGENDA ITEM H

Legislation



AGENDA ITEM H-1

2022 Activities and Accomplishments Report



AGENDA ITEM H-2

Review, Discussion, and Possible
Action on Legislative Proposal
to Remove the Duty Statement
Requirement from Business and
Professions Code Section 7068.1





Review, Discussion, and Possible Action on Legislative Proposal to Remove the Duty Statement Requirement from Business and Professions Code Section 7068.1

SUMMARY: Board staff propose technical amendments to amend Business and Professions Code (BPC) section 7068.1. These amendments would remove an unnecessary requirement that a qualifying person must submit a duty statement to serve as a qualifier for a contractor's license.

RELEVANT PROVISION: Business and Professions Code (BPC) section 7068.1 (d)

BACKGROUND: Assembly Bill (AB) 830 (Flora, Chapter 376, Statutes of 2021) amended BPC section 7068.1 to grant the Board authority to require a duty statement of the qualifier's employment for the construction operation as a way to demonstrate the qualifier will be exercising supervision and control.

Prior to AB 830, section 7068.1 required any individual who seeks to qualify for a contractor's license on behalf of another individual or entity to exercise supervision and control over construction operations. Additionally, section 7068.1 already authorized CSLB to collect any information it deemed appropriate to ensure the qualifier of a license is exercising said supervision and control.

These consumer protection provisions ensure the individual who qualified the entity's license with their construction knowledge and experience is responsible for the work to be performed by the entity though there may be a number of people associated with the license.

IDENTIFICATION OF PROBLEM: The requirement added by AB 830 is duplicative of CSLB's existing authority in BPC section 7068.1 (d) that requires applicants and licensees to demonstrate information about their qualifier to ensure effective supervision and control. Further, the language added by AB 830 is not clear whether the Board is required to collect a duty statement from every applicant and licensee or whether a duty statement is an *example* of how an applicant or licensee can demonstrate the qualifier exercises supervision and control.

The Board has received correspondence from stakeholders who now are uncertain how to comply with BPC 7068.1. If a duty statement is a requirement and not an example, many employers do not have a pre-existing document that clearly complies with the statute and would have to create one simply to satisfy the requirement. CSLB already requires qualifiers to affirm under penalty of perjury they will exercise supervision and control over construction operations and Licensing staff believe the additional duty statement requirement is unnecessary. If AB 830 was intended to provide an example, CSLB already has authority to request a duty statement when necessary.



PROPOSED SOLUTION: Board staff recommend removing the duty statement requirement and restoring BPC 7068.1 to its previous form (language presented below) or add language to clarify that the duty statement is only an example of documentation that the Board is authorized to request.

STAFF ANALYSIS: Confusion over licensing requirements may lead to compliance issues and potential non-absorbable workload for the Board's Licensing Division. Additionally, limiting the ways a qualifier's supervision and control can be demonstrated to only a duty statement may create unnecessary barriers to licensure. For example, small businesses may not have specialized duty statements for each position in the organization, which would be problematic if the amendment was intended to require all applicants to submit duty statements.

This requirement may also pose significant implementation challenges that were not considered when this language was presented. Because AB 830 was an omnibus bill (which contain technical, clarifying, non-substantive amendments), Board staff are confident the author did not intend to create the workload or burden to industry by requiring a duty statement from all qualifiers.

FISCAL IMPACT: These clarifying changes to existing law do not impose an operational or staffing cost to the Board.

LEGISLATIVE COMMITTEE RECOMMENDATION: Recommend to the full Board to pursue a legislative proposal to remove the duty statement requirement from Business and Professions Code section 7068.1.

PROPOSED LANGUAGE:

7068.1. (a) The person qualifying on behalf of an individual or firm under paragraph (1), (2), (3), or (4) of subdivision (b) of Section 7068 shall be responsible for exercising supervision and control of their employer's or principal's construction operations to secure compliance with this chapter and the rules and regulations of the board. This person shall not act in the capacity of the qualifying person for an additional individual or firm unless one of the following conditions exists:

- (1) There is a common ownership of at least 20 percent of the equity of each individual or firm for which the person acts in a qualifying capacity.
- (2) The additional firm is a subsidiary of or a joint venture with the first. "Subsidiary," as used in this subdivision, means any firm at least 20 percent of the equity of which is owned by the other firm.
- (3) With respect to a firm under paragraph (2), (3), or (4) of subdivision (b) of Section 7068, the majority of the partners, officers, or managers are the same.



- (b) Notwithstanding paragraphs (1) to (3), inclusive, of subdivision (a), a qualifying individual may act as the qualifier for no more than three firms in any one-year period.
- (c) The following definitions shall apply for purposes of this section:
- (1) “Firm” means a partnership, a limited partnership, a corporation, *or* a limited liability company, or any other combination or organization described in Section 7068.
 - (2) “Person” is limited to natural persons, notwithstanding the definition of “person” in Section 7025.
 - (3) “Supervision ~~and~~ control” means direct supervision or control or monitoring and being available to assist others to whom direct supervision and control has been delegated.
 - (4) “Direct supervision ~~and~~ control” means any of the following:
 - (A) Supervising construction *operations*.
 - (B) Managing construction activities by making technical and administrative decisions.
 - (C) Checking jobs for proper workmanship.
 - (D) Supervision on construction sites.
- (d) The board shall require every applicant or licensee qualifying by the appearance of a qualifying individual to submit detailed information on the qualifying individual’s duties and responsibilities for supervision and control of the applicant’s construction operations, ~~including, but not limited to, an employment duty statement prepared by the qualifier’s employer or principal. Failure of an applicant or licensee to provide information required by this subdivision constitutes a violation of this section.~~
- (e) Violation of this section shall constitute a cause for disciplinary action and shall be punishable as a misdemeanor by imprisonment in a county jail not to exceed six months, by a fine of not less than three thousand dollars (\$3,000), but not to exceed five thousand dollars (\$5,000), or by both the fine and imprisonment.

AGENDA ITEM H-3

Review, Discussion, and Possible Action on Legislative Proposal to Require Performance and Payment Bonds to Perform Residential Construction Following a Declared State of Emergency





CONTRACTORS STATE LICENSE BOARD

LEGISLATIVE PROPOSAL ON PERFORMANCE BONDS

Review, Discussion, and Possible Action on Legislative Proposal to Require Performance and Payment Bonds to Perform Residential Construction Following a Declared State of Emergency

SUMMARY: This proposal would require the prime contractor for any home improvement contract after a natural disaster to secure separate performance and payment bonds, each in the amount of half the contract price. This proposal would be limited to areas for which the Governor or President declares a state of emergency.

RELEVANT PROVISION: Create a new section in the Contractors State License Law (Law), Business and Professions Code (BPC) section 7159.3.

BACKGROUND: Disaster response is a priority for the state and is becoming more important to consumer protection each year as disasters – which can take years to recover from – increase. The Governor recently closed 34 declared states of emergency that were issued between 2017 to 2022 in response to natural disasters. The closed declarations include 27 for fires impacting 25 counties, six for storms and earthquakes impacting 38 counties, and one for statewide wildfire weather concerns.

Reconstruction, restoration, or rebuilding of a residential property that is damaged or destroyed by a natural disaster for which a state of emergency is proclaimed by the Governor is considered “home improvement,” under BPC section 7151 (a). Consequently, this work is subject to home improvement contract requirements, including a description of all labor, services, and materials to be provided. A violation of home improvement contract requirements in a disaster area is considered a misdemeanor for which a court can order a fine, jail time, and restitution to be paid to the victim.

IDENTIFICATION OF PROBLEM: California continues to experience severe weather events that result in damage to residential property. Disaster response must be timely to be effective in protecting the safety and welfare of victims. Disaster victims are vulnerable to unscrupulous contractors because they are often traumatized by the loss or damage to their house and are highly motivated to rebuild quickly, and the rebuild may be funded by insurance, which is desirable to predatory contractors.

The Board can take enforcement or disciplinary action against a licensee for abandoning construction projects, performing poor work, not paying subcontractors, and not meeting home improvement contract requirements, but this process can be lengthy and CSLB cannot always assure restitution for consumers. Often, a contractor’s license is revoked with a condition of paying restitution to a consumer to get the license back, but if the contractor does not intend to reinstate their license, there is no incentive to pay restitution.



The Board may also refer investigations to local jurisdictions for criminal prosecution. The Law does not require the court to order a contractor to pay restitution. Conditions upon which restitution may be ordered are limited and whether charges are filed is determined by the local jurisdiction.

PROPOSED SOLUTION: Consumers in need of financial restitution from a contractor would benefit greatly from a performance and payment bond that is specific to their construction project. The new section would require performance and payment bonds alongside a contract for restorative work on residential property damaged by a natural disaster and provide that the failure to do so is a cause for license discipline. A surety bond provides consumers an effective avenue for financial redress and is more expedient than the administrative and criminal processes.

This proposal is recommended in conjunction with a proposal to increase the statute of limitations to convict for misdemeanor violations of the Law during a declared state of emergency. Together, the proposals increase consumer protection by addressing enforcement issues as well as actual financial harm incurred by consumers in declared disaster zones.

STAFF ANALYSIS: Complaints against contractors who have taken advantage of consumers anxious to return to their lives before a disaster are well documented as disaster-related complaints have increased over the past four years. From 2018-2022, CSLB received an average of 180 disaster-related complaints each year. This is a marked increase from the previous four years when CSLB received an average of 24 disaster-related complaints each year. In addition, the average value of financial losses incurred by consumers has increased over time. In 2019, the average contract price was about \$95,000, but in 2022, the average contract price was approximately \$170,000.

The rise in number and value of complaints demonstrates an increasing need to address financial damages caused by predatory contractors. CSLB may order restitution in certain cases; however, a CSLB investigation does not guarantee complainants will receive restitution when ordered and obtaining restitution is not the purpose of a CSLB investigation. This proposal would give consumers a guarantee against loss or damages when a contractor fails to comply with home improvement contract requirements.

FISCAL IMPACT: This proposal is not expected to have an impact on workload.

LEGISLATIVE COMMITTEE RECOMMENDATION: To approve sharing this proposal to require a prime contractor to obtain performance and payment bonds to conduct residential reconstruction, restoration, or rebuilding after a natural disaster with the office of the honorable Senator McGuire. This recommendation is made with the understanding that staff will further confer with the Chair of the Legislative Committee to



seek authorization to take a position on any subsequent bill, pursuant to page 16 of the Board's Procedural Manual.

PROPOSED LANGUAGE: Add Section 7159.3 to the Business and Professions Code as follows:

7159.3. (a) Any home improvement contract by a prime contractor for the reconstruction, restoration, or rebuilding of a residential property that is damaged or destroyed by a natural disaster for which a state of emergency is proclaimed by the Governor pursuant to Section 8625 of the Government Code, or for which an emergency or major disaster is declared by the President of the United States, shall provide for the obtaining of separate performance and payment bonds by the prime contractor.

(b) The performance and payment bonds prescribed by this subdivision shall meet the following criteria.

(1) The bonds shall be in a form executed by an admitted surety insurer and not deposits in lieu of bond.

(2) Each bond shall be in a sum equal to at least one-half of the contract price.

(3) The payment bond shall secure the payment of the claims of laborers, mechanics or materialmen employed on the work under the contract and shall contain all other provisions required by law.

(4) The performance bond shall guarantee the faithful performance of the contract by the contractor.

(c) This section operates independently of any other bonding provisions in this Chapter.

(d) Failure of a prime contractor to comply with this section is a cause for disciplinary action.

AGENDA ITEM H-4

Review, Discussion, and Possible
Action on Legislative Proposal
to Apply a Three-Year Statute of
Limitations to Violations for
Allowing Fraudulent Use of a
Contractor License





CONTRACTORS STATE LICENSE BOARD

LEGISLATIVE PROPOSAL ON STATUTE OF LIMITATIONS

Review, Discussion, and Possible Action on Legislative Proposal to Apply a Three-Year Statute of Limitations to Violations for Allowing Fraudulent Use of a Contractor License

SUMMARY: This proposal would increase the statute of limitations for misdemeanor violations pertaining to unlawful use of a license. It is supported by consumer complaints received from designated disaster areas where licensed contractors unlawfully allowed unlicensed contractors the use their license for disaster rebuilds.

RELEVANT PROVISION: Penal Code (PC) section 802

BACKGROUND: Specified violations of the Contractors State License Law are classified as misdemeanors. Among those violations are advertising to perform work regulated by the Board without a valid license (BPC section [7027.1](#)) and engaging in the business, or capacity of, a contractor (BPC section [7028](#)). However, a licensee who allows their valid license to be used by an unlicensed contractor is subject to administrative disciplinary action under BPC section [7114](#).

Because the Contractors State License Law does not classify allowing unlawful use of a license as a misdemeanor, the Board derives its misdemeanor authority for this violation from BPC section [119](#) (which applies to the boards and bureaus within the Department of Consumer Affairs). Section 119 addresses fraudulent use of a license, including using a fictitious license, lending a license to another person, or allowing unlawful use of a license.

Separately, Penal Code (PC) section [802](#) provides statute of limitations to prosecute certain misdemeanor violations of the BPC ranging from one year of the commission of the offense to three years after discovery of the offense. The statute of limitations for a violation of BPC section 119 is currently one year from the date of violation, pursuant to PC section 802 (a).

IDENTIFICATION OF PROBLEM: CSLB has received an average of 180 disaster-related complaints each year since 2018. This is an increase from the previous four years, which averaged 24 complaints each year. Most of these complaints (an average of 169 per year) are from consumers in declared disaster areas who were harmed by unscrupulous contractors.

Under current law, the statute of limitations for violations of BPC section 119 is one year from the date of violation. This limitation prevents CSLB from taking appropriate action against a licensee who allows fraudulent use of their license because often the year has elapsed by the time CSLB receives and is able to investigate the disaster case. CSLB may not receive a consumer complaint within the one-year statute of limitations. Consequently, CSLB is often prevented from pursuing criminal action, making the only option administrative disciplinary action, which is not as an effective deterrent.



PROPOSED SOLUTION: This proposal would add BPC 119 to the list of misdemeanors in PC section 802 (e) that have a statute of limitations of three years after discovery of the commission of the offense. Setting a three-year statute of limitations would provide time for CSLB to investigate and pursue criminal offenses against contractors who permit their license to be used by an unlicensed contractor to take advantage of consumers.

This proposal is recommended in conjunction with a proposal to require performance and payment bonds to conduct reconstruction, restoration, or rebuilding of a residential property that is damaged or destroyed by a natural disaster for which a state of emergency is proclaimed by the Governor. Together, the proposals increase consumer protection by addressing enforcement issues as well as actual financial harm incurred by consumers.

STAFF ANALYSIS: Disaster response is a priority for the state. CSLB participates in the California Governor's Office of Emergency Services (Cal OES) initiatives to protect consumers whose homes were damaged by disasters. A critical element of disaster response is to protect the safety and welfare of disaster victims by reducing the potential for unlicensed predatory contractors to take advantage of disaster victims.

CSLB conducts outreach at Local Assistance Centers operated by Cal OES to educate homeowners about contractor licensing requirements. However, a consumer cannot protect themselves by checking a license if the unlicensed contractor is unlawfully using the valid license of another contractor. The fraudulent use of a valid license undermines safeguards provided by the licensing process where consumers are confident the contractor has been fingerprinted, is insured, and has the knowledge and skills necessary to operate as a contractor.

This proposal would provide CSLB the time needed to investigate and refer misdemeanor violations of fraudulent license use for prosecution. This will serve as a deterrent and better protect consumers while they are in the process of rebuilding or repairing their homes after a disaster and enable more effective use of CSLB investigative resources.

FISCAL IMPACT: This proposal would extend the statute of limitations for allowing fraudulent use of a license from one to three years in declared disaster areas to allow CSLB Enforcement staff the time to investigate and refer for prosecution. The work involved is the same amount currently needed to investigate a complaint and refer it to the prosecutor; the proposal just increases the statute of limitations for these violations that are already being investigated. There is no additional workload by the Board's Enforcement Division. Therefore, the fiscal Impact to CSLB is minor and absorbable with no impact to staff workload and no IT impact.



LEGISLATIVE COMMITTEE RECOMMENDATION: The Legislative Committee authorize staff to share this proposal with the office of the honorable Senator McGuire to consider for inclusion in a legislative bill with the understanding that staff will further confer with the Chair of the Legislative Committee as well as the Board Chair to seek authorization to take a position on any subsequent bill and notify the Board of such action at the March quarterly meeting, pursuant to page 16 of the Board's Procedural Manual.

PROPOSED LANGUAGE: Penal Code section 802

- 802.** (a) Except as provided in subdivision (b), (c), (d), or (e), prosecution for an offense not punishable by death or imprisonment in the state prison or pursuant to subdivision (h) of Section 1170 shall be commenced within one year after commission of the offense.
- (b) Prosecution for a misdemeanor violation of Section 647.6 or former Section 647a committed with or upon a minor under the age of 14 years shall be commenced within three years after commission of the offense.
- (c) Prosecution of a misdemeanor violation of Section 729 of the Business and Professions Code shall be commenced within two years after commission of the offense.
- (d) Prosecution of a misdemeanor violation of Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code shall be commenced as follows:
- (1) With respect to Sections 7028.17, 7068.5, and 7068.7 of the Business and Professions Code, within one year of the commission of the offense.
 - (2) With respect to Sections 7027.1, 7028.1, 7028.15, 7118.4, 7118.5, 7118.6, 7126, 7153, 7156, 7157, 7158, 7159.5 (licensee only), 7159.14 (licensee only), 7161, and 7189 of the Business and Professions Code, within two years of the commission of the offense.
 - (3) With respect to Sections 7027.3 and 7028.16 of the Business and Professions Code, within three years of the commission of the offense.
 - (4) With respect to Sections 7028, 7159.5 (nonlicensee only), and 7159.14 (nonlicensee only) of the Business and Professions Code, within four years of the commission of the offense.
- (e) Prosecution for a misdemeanor violation of ~~Section 6126~~, ~~Section 119~~, ~~6126~~, 10085.6, 10139, or 10147.6 of the Business and Professions Code or Section



CSLB

LEGISLATIVE PROPOSAL ON STATUTE OF LIMITATIONS

2944.6 or 2944.7 of the Civil Code shall be commenced within three years after discovery of the commission of the offense, or within three years after completion of the offense, whichever is later.

AGENDA ITEM H-5

Review, Discussion, and Possible Action on Legislative Proposal to Establish a PACE Restitution Fund at the Contractors State License Board





Review, Discussion, and Possible Action on Legislative Proposal to Establish a PACE Restitution Fund

SUMMARY: This proposal would create a Property Assessed Clean Energy (PACE) restitution fund in the amount of \$32.5 million, with up to \$5 million allocated for fund administration. This proposal is submitted by the Clean Energy Justice (CEJ) group, a coalition of 12 public advocacy groups, including the National Housing Law Project (NHLP). The amount proposed is based on an analysis of outstanding victims left uncompensated following PACE Administrator Renovate America's bankruptcy.

RELEVANT PROVISIONS: Create Article 6.7 in the Contractors State License Law comprised of new Business and Professions Code (BPC) sections 7087-7087.12 and amend 7086.10.

BACKGROUND: The success of CSLB's Solar Energy System Restitution Program (SESRP) has led to interest in creating a larger, similar restitution fund for consumers who financed other residential energy efficiency projects with loans funded through the PACE program.

IDENTIFICATION OF PROBLEM: Early consumers of PACE loans are reported to have been subject to predatory sales practices, extremely high interest rates, and overcharging for PACE funding improvements. Through this proposal, NHLP intends to offer restitution for consumers who experienced unlawful sales tactics when acquiring PACE loans and were subsequently defrauded.

Additionally, through its administration of SESRP, CSLB has found 41% of SESRP claims submitted to CSLB that contained financing information were projects that were funded through a PACE loan. Through SESRP, CSLB has issued \$2.7 million in restitution to consumers who were financially harmed by solar contractors through January 27, 2023. However, the CSLB SESRP program does not pay out for predatory PACE terms, leaving these consumers unreimbursed for possible PACE harm.

PROPOSED SOLUTION: The PACE restitution fund would provide restitution to property owners who suffered a financial loss or injury as a result of fraud, misrepresentation, or another unlawful act committed by a contractor, PACE Solicitor, or PACE Solicitor Agent. The restitution fund would be for any home improvement funded through a PACE loan, including, but not limited to a PACE loan to add a solar energy system.

STAFF ANALYSIS: The proposed PACE fund restitution program would be similar in structure and statutory language as CSLB's SESRP. This allows staff to apply experience gained from administering SESRP to the PACE restitution fund. Additionally, this proposal would fund CSLB's costs associated for administering the PACE restitution fund.



Because this proposal would provide restitution to any home improvement project resulting in harm by PACE financially, many of the SESRP claims already received, but for which SESRP funds have already been expended, could be redirected to the PACE restitution fund. The fund would provide up to \$60,000 for a single assessment and up to \$80,000 for consumers with multiple assessments. The property owner would have had to have filed a complaint against a licensed contractor that resulted in a citation against the contractor, disciplinary action taken against the contractor, or determination by the registrar or a designee that a probable violation of the Contractors State License Law occurred, including misrepresentations made about the work or how the cost of the work would be paid.

Staff additionally recommends adding a provision that requires contractors subject to a fund payout be required to reimburse both funds, as appropriate, which has been added to the language below. Staff also understands that the NHLP/CEJ intends to request an extension and/or additional funds for the CSLB SESRP program as part of its PACE restitution fund budget request.

FISCAL IMPACT: Fiscal impact is unknown as workload would depend on the number and complexity of submitted claims. However, this proposal would allow CSLB to expend up to \$2.5 million from the appropriation to administer the PACE restitution program. Therefore, this proposal is not anticipated to impact the Contractors State License Fund.

COMMITTEE RECOMMENDATION (BACKGROUND): The Legislative Committee recommended to the full board that the proposal to create a PACE restitution fund for consumers harmed by PACE loans be supported in concept because the Legislative Committee meeting did not include draft language for the proposal. The draft language is now below.

STAFF RECOMMENDATION: That the full Board authorize staff to issue a support position on any legislative bill that includes language to establish a PACE restitution fund at CSLB as long as it is appropriate from the general funds and includes an extension of SESRP.

Amend Section 7086.10 (Solar Energy System Restitution Program)

(a) For any licensee whose license is revoked or pending revocation whose actions have caused the payment of an award to a consumer pursuant to the program, the board shall *do the following*:

- (1) *Display* a notice on the public license detail on the board's internet website stating that the licensee was the subject of a payment pursuant to the program.
- (2) The notice specified in subdivision (a) shall remain on the board's internet website until seven years after the date of the payment.



(3) Include as a condition of restoration of a stayed revocation or revoked license pursuant to Section 7095 an order that the licensee reimburse the program in the amount of the award.

(b) This section shall operate independently of, and is not subject to, Section 7124.6.

PROPOSED LANGUAGE: Add Article 6.7 to the Business and Professions Code as follows:

SECTION 1.

Article 6.7 (commencing with Section 7087) is added to Chapter 9 of Division 3 of the Business and Professions Code, to read:

Article 6.7. Property Assessed Clean Energy Restitution Program

7087.

The board shall administer the Property Assessed Clean Energy (PACE) Restitution Program upon appropriation of one-time resources by the Legislature for the purpose of providing restitution to property owners pursuant to this article.

7087.1.

For purposes of this article, the following definitions apply:

(a) "Program" means the Property Assessed Clean Energy Restitution Program established pursuant to this article.

(b) "Property owner" means: A natural person who owns a single-family residence or, if the natural person has transferred their ownership right into a non-incorporated revocable living trust, the Trustee of such trust, provided:

(1) the homeowner or Trustee occupies the home as their primary/principal residence in this state; and

(2) the homeowner or Trustee contracted with a licensed or unlicensed contractor on or after January 1, 2016, for the installation of one or more home improvements on the residence financed by a PACE assessment.

(c) "Financial loss or injury" means an economic loss or expense suffered by a property owner resulting, wholly or in part, from fraud, misrepresentation, or another unlawful act committed by a contractor or PACE Solicitor or PACE Solicitor Agent that has not been and is not reasonably expected to be fully reimbursed from any other source. The economic loss or expense may include, but is not limited to:



(1) the difference between the property owner's actual financial obligations related to the PACE transaction and what the property owner reasonably believed under the circumstances their financial obligation would be.

The circumstances to be considered for purposes of this subparagraph may include, but are not limited to, one or more of the following:

- (A) The property owner's reasonable ability to pay the annual payment obligations for the PACE assessment at the time of the PACE transaction;
- (B) Communications between the parties to the PACE transaction, including, but not limited to, recorded oral confirmation calls pursuant to section 5913 of the Streets and Highways Code;
- (C) Whether the electronic mail address used to electronically communicate with the property owner or execute the contracts and applications in the PACE transaction was created by and only accessible to the property owner;
- (D) The DocuSign audit trail;
- (E) The speed at which the PACE transaction took place;
- (F) The party that initiated the transaction, with increased scrutiny of PACE transactions that were initiated by the PACE solicitor or solicitor agent;
- (G) Any representations made by the PACE Program Administrator, PACE solicitor or solicitor agent that the improvements will pay for themselves;
- (H) Any representations made by the PACE program administrator, PACE solicitor or solicitor agent regarding tax credits, tax deductibility, or other tax benefits that would be received because of the improvements;
- (I) The property owner's understanding the property would be subject to a lien during the term of the assessment contract and that the obligations under the assessment contract may be required to be paid in full before the property owner sells or refinances the property;
- (J) The property owner's understanding that payments on the PACE assessment would increase their property tax bill and might increase their monthly mortgage payment;



(K) Previous complaints made by the property owner to enforcement agencies, particularly complaints made by property owners prior to the effective date of this article. The absence of previous complaints will not be the sole basis for denial;

(L) If the sales presentation and/or oral confirmation call was conducted primarily in a language other than English that is specified in Section 1632 of the Civil Code, whether the property owner received a translation of the disclosures, contract, or agreement in the language in which the oral confirmation was conducted;

(M) Whether the property subject to the PACE assessment is subject to a reverse mortgage, as defined in Section 1923 of the Civil Code;

(N) Whether the property owner lacks capacity pursuant to Probate Code §812, or was subject to undue influence, as defined in Civil Code §1575, or both;

(O) Solicitation tactics utilized by the PACE solicitor or solicitor agent;

(P) sworn declarations in support of the complaint.

(2) the difference between the fair market value of any improvements the property owner received and the property owner's financial obligation for the improvements; and

(3) the cost to remediate any damage done to the property owner's property as a result of the installation or removal of the improvement or improvements that are the subject of the claim, whether or not the improvement or improvements were in fact removed.

(d) "PACE assessment" means a contractual assessment, placed on the property owner's property tax bill pursuant to subdivisions (a), (b), and (c) of Section 26054 of the Public Resources Code.

(e) "PACE solicitor" means a person authorized by a PACE program administrator to solicit a property owner to enter into an assessment contract as described in Section 22017 of the Financial Code.

(f) "PACE solicitor agent" means an individual who is employed or retained by, and acts on behalf of, a PACE solicitor to solicit a property owner to enter into an assessment contract.



(g) “PACE transaction” means the circumstances and events surrounding the sale, installation, and financing of home improvements associated with the PACE assessment and includes the home improvement contract and the PACE assessment contract.

(h) “Probable” means more likely than not.

7087.2.

(a) This article governs the administration of the Program and operates independently of, and does not affect or relate to the licensing, regulation, and discipline of, contractors.

(b) This article does not limit the authority of the registrar to take disciplinary action against a contractor.

7087.3.

(a) The registrar or their designee shall only award moneys appropriated to the program to property owners who are eligible claimants pursuant to this article.

(b) Eligibility for payment under the Program shall be determined pursuant to Section 7087.4 regardless of whether the board’s authority to take disciplinary action against the contractor has lapsed due to a limitations period specified in Section 7091.

7087.4.

A property owner is an eligible claimant only if they meet one of the following criteria:

(a) The property owner has filed a complaint against a licensed contractor investigated pursuant to Article 7 (commencing with Section 7090) that resulted in one or more of the following:

(1) Issuance of an administrative citation that includes a payment of a specified sum to an injured party as prescribed by Section 7099 and that is not under appeal.

(2) Filing of accusation to suspend or revoke the license.

(3) Determination by the registrar or their designee that a probable violation of this chapter has occurred, including misrepresentations made about the work or how the work would be paid for, that, if proven, would present a risk of harm to the public and would be appropriate for suspension, revocation, or criminal prosecution.

(b) The property owner has filed a claim that does not explicitly meet the criteria in subdivision (a) of this section and the registrar or their designee determines one or more of the following:



(1) that a probable violation of this chapter has occurred that if proven, would present a risk of harm to the public or would be appropriate for suspension, revocation, or criminal prosecution;

(2) that a probable violation of Chapter 29.1 (commencing with Section 5900) of Part 3 of Division 7 of the Streets and Highways Code has occurred that if proven, would present a risk of harm to the public or would be appropriate for suspension, revocation, or criminal prosecution;

(3) that it is probable that a licensed or unlicensed contractor has engaged in any willful or fraudulent act in connection with home improvements financed by one or more PACE assessments in consequence of which the property owner has suffered a financial loss or injury.

(4) that a probable violation of Chapter 3.5 (commencing with Section 22680) of Division 9 of the Financial Code or of any regulation enacted thereunder has occurred, as demonstrated by records or information provided by the Department of Financial Protection and Innovation.

(c) The property owner has obtained a judgment in any civil court of competent jurisdiction for recovery of damages against a licensed or unlicensed contractor, proceedings in connection with the judgment have terminated, including appeals, and the property owner has not received the specified sum or restitution amount as of the date they claim eligibility.

(d) The property owner is the identified victim of a licensed or unlicensed contractor in a criminal case before a California superior court, with an established financial injury or restitution order, proceedings in connection with the judgment have terminated, including appeals, and the property owner has not received the specified sum or restitution amount as of the date they claim eligibility.

7087.5.

(a) Determinations of a property owner's eligibility for the program under section 7087.4 and of the amount of the restitution award of any eligible property owner made by the registrar or their designee.

(b) If funding is made available for that purpose, the board may contract with licensed professionals, as appropriate, whose skills or expertise are required to aid in the review and determination of any claim filed by a property owner seeking restitution from the program.



(c) As used in this section, “licensed professionals” means, but is not limited to, attorneys or accountants or other financial professionals licensed, certificated, or registered pursuant to this division.

7087.6.

If any property owner who has filed a claim alleging financial loss or injury related to a home improvement financed by a PACE assessment disputes in writing the decision of the registrar or their designee regarding the property owner’s eligibility or the amount of the award, then the following apply:

(a) Unless the registrar or their designee resolves the property owner’s dispute in a manner acceptable to the property owner, the registrar or their designee shall refer the property owner to the arbitration process prescribed in Section 7085.5 for the arbitrator to render a final decision regarding eligibility and/or the amount of the award, as applicable. The appropriate fee for the arbitrator shall be paid by the board from the funds described in subdivision (c) of Section 7087.9.

(b) The arbitration shall commence for the sole purpose of determining whether a property owner is an eligible claimant, whether a financial loss or injury occurred or whether an amount may justifiably be paid to the property owner pursuant to the program, as applicable. Discipline of the contractor shall not be at issue in any case referred to arbitration under this subdivision and the contractor need not appear. Any payment amount for the attending property owner shall not be based solely on the fact that the contractor has failed to appear at the arbitration hearing.

(c) The arbitrator has the sole discretion to request the documentation or testimony from the property owner necessary to support payment pursuant to the program, as well as sole discretion to determine whether an award shall be issued pursuant to the program based on the information provided.

(d) The registrar or their designee, or any arbitrator, is not liable to any party for any act or omission in connection with any arbitration conducted under this section.

(e) The arbitrator shall render an award no later than 30 calendar days from the date of closing the hearing, closing a reopened hearing, or if oral hearing has been waived, from the date of transmitting the final statements and proofs to the arbitrator.

(f) A determination on payment to an eligible claimant shall consider all matters relevant to the property owner seeking restitution, including the financial condition of the moneys appropriated to the program, the amount of money being sought, whether the claim appears to be supported by the documentation provided to or obtained by the registrar



or their designee from any relevant party, whether the claimant has received full or partial payment of their loss from another source, and, if there is more than one claimant, the equitable division of available money appropriated to the program among the claimants.

(g) A determination or decision regarding claimant eligibility and payment pursuant to the program and all related issues under this subdivision are final and are not subject to judicial review.

7087.7.

(a) A property owner may claim eligibility for payment pursuant to the program by filing a form with the registrar or their designee entitled “PACE Restitution Program Claim” that shall be provided by the board. A property owner seeking restitution shall include, without limitation:

(1) The name, address, and telephone number of the property owner and which criteria under Section 7087.4 the property owner claims eligibility.

(2) The name, address, license number, and telephone number, if known, of the contractor who installed the home improvement financed by a PACE Assessment.

(3) A description of the facts concerning the claimed loss related to the PACE transaction, the nature and extent of the claimed loss, and the date on which, or the period during which, the claimed loss occurred.

(4) Relevant documentation evidencing the existence of the contractual assessment that is in the property owner’s possession.

(5) If relevant, documentation evidencing the claimant’s status as Trustee of a non-incorporated living trust that holds title to the residence.

(6) All relevant documentation specified in Section 7087.8, as applicable, supporting the grounds under which the property owner claims eligibility.

(7) A statement confirming whether the property owner has previously recovered a portion of their claimed loss from sources other than an award pursuant to the program, and if so, in what amount, from what source, and the date that recovery occurred.

(b) The registrar or their designee may request from the property owner any additional information or documentation not specified in this section that the registrar or their



designee deems necessary to determine eligibility or whether there is financial loss or injury.

(c) A claim that appears to include false or altered information shall be automatically denied and shall not be considered for restitution pursuant to the program. The denial of the claim shall be the exclusive remedy for filing false information.

(d) Any information or documentation distributed by the board about the program shall include a notice that restitution payments are only available as long as there are appropriated moneys available for payment.

7087.8.

(a) For all claimants deemed eligible pursuant to subdivision (a) of Section 7087.4, a document stamped with the seal of the Contractors State License Board reflecting the complaint number, name of the contractor, name of the special investigator, date of the contract, violation or violations alleged, the specified sum to an injured party amount, the property owner's name, and any other information the registrar or their designee deems relevant to include shall be sufficient documentation upon which to make payment to the property owner pursuant to the program.

(b) For all claimants deemed eligible pursuant to subdivision (c) of Section 7087.4, a certified copy of the civil court judgment with the dollar amount of damages shall be sufficient documentation upon which to make payment to the property owner pursuant to the program.

(c) For all claimants deemed eligible pursuant to subdivision (d) of Section 7087.4, a certified minute order or other document of the court of relevant jurisdiction that includes the certified copy of an order of financial injury or restitution amount shall be sufficient documentation upon which to make payment to the property owner pursuant to the program.

(d) For all claimants deemed eligible pursuant to paragraph Section 7087.6, the award of the arbitrator, stamped with the seal of the Contractors State License Board reflecting the complaint number, name of the contractor, name of the arbitrator, date of the contract, violations alleged, the specified sum to an injured party amount, the consumer's name, and any other information the registrar or their designee deems relevant to include shall be sufficient documentation upon which to make payment to the consumer pursuant to the program.

7087.9.



(a) If the registrar, their designee, or, if applicable, the arbitrator determines that a property owner is eligible for restitution pursuant to this article, the amount paid to a property owner shall not exceed \$60,000 for homeowners with one PACE assessment and \$80,000 for homeowners with more than one PACE assessment, regardless of whether the registrar, their designee, or, if applicable, the arbitrator determines the property owner has suffered a total financial loss or injury related to the PACE transaction that exceeds the applicable maximum.

(b) If the registrar or their designee has determined that the injured person has recovered a portion of their claimed loss from sources other than the program at the time they claim eligibility, the board shall deduct the amount recovered from the other sources from the total amount of the financial loss or injury related to the PACE transaction and direct the difference to be paid.

(c) Subject to appropriation by the Legislature, the board may expend up to five million dollars (\$5,000,000) from the moneys appropriated to the program to employ or contract with persons as necessary for the performance of the duties required to administer this article.

7087.10.

(a) If the registrar or their designee approves payment pursuant to the program to an eligible claimant, the board will forward a copy of the approval of the eligible claim to the accounting office of the Department of Consumer Affairs.

(b) The accounting office shall not commence procedures for the disbursement of money pursuant to an approval of payment from the board until 90 days after the date on which the registrar or their designee approved the eligible claim.

(c) The accounting office shall, on or before February 1 of each year, prepare and submit to the board a statement of the condition of the moneys appropriated to the program that is prepared in accordance with generally accepted accounting principles.

7087.11.

(a) For any licensee whose license is revoked or pending revocation whose actions have caused the payment of an award to a consumer pursuant to the program, the board shall do the following:

- (1) Display a notice on the public license detail on the board's internet website stating that the licensee was the subject of a payment pursuant to the program.
- (2) The notice specified in subdivision (a) shall remain on the board's internet website until seven years after the date of the payment.



(3) Include as a condition of restoration of a stayed revocation or revoked license pursuant to Section 7095 an order that the licensee reimburse the program in the amount of the award.

(b) This section shall operate independently of, and is not subject to, Section 7124.6.

7087.12.

This article shall remain in effect until June 30, 2026, and as of that date is repealed.

AGENDA ITEM H-6

Update, Review, Discussion and Possible Action on 2022-24 Legislative Strategic Plan Objectives





Update, Review, Discussion and Possible Action on 2022-24 Legislative Strategic Plan Objectives

Strategic Plan Objective 3.2: Review policies, procedures, and current practices for compliance with the Administrative Procedure Act to ensure appropriate decision making. Target Date: Conduct internal review July 2022

The Legislative Division recently hired a Chief of Legislation and a Regulations and Legislation Specialist who will execute a plan to systematically review all of CSLB's Licensing and Enforcement guidelines, criteria, bulletins, manuals, instructions, orders, standards, or other documents for any practice or procedure that could be deemed a "regulation" that has not been adopted as such and filed with the Office of Administrative Law. This review is expected to be part of the sunset review report writing process with a target completion date of fall 2023.

AGENDA ITEM H-7

Review, Discussion, and Possible Action on 2023-24 Pending Legislation

- a. AB 336 (Cervantes) - Contractors:
workers' compensation insurance.
- b. AB 1204 (Holden) – Contractors:
contracts: restrictions.
- c. AB 1383 (Ortega) – Contractors:
discipline: noncompliance with child
support obligations.
- d. SB 630 (Dodd) – Contractors State
License Board: regulation of
contractors.





Review, Discussion, and Possible Action on 2023-24 Pending Legislation

a. AB 336 (Cervantes) – Contractors: workers’ compensation insurance.

https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB336

STATUS/LOCATION (as of March 13, 2023): Referred to the Assembly Committee on Business, Professions and Economic Development. A hearing date has not been set.

SPONSOR: District Council of Iron Workers of California

SUBJECT: Contractors: workers’ compensation insurance

CODE SECTION: Amends, repeals, and adds § 7125.5 of the Business and Professions Code (BPC).

SUMMARY: This bill would require licensees who are not exempt from workers’ compensation requirements to certify on the CSLB license renewal form the top three (by payroll) workers’ compensation classification codes (WCC) endorsed on the licensee’s workers’ compensation policy. This bill would also prohibit renewal without that certification, but provides for retroactive renewal if the licensee complies within 30 days after notification by CSLB that the renewal was rejected.

EXISTING LAW: The Contractors State License Law requires, as a condition of initial licensure, reinstatement, reactivation, renewal or continued maintenance of a C-8, C-20, C-22, C-39 or D-49 license, a current and valid certificate of workers’ compensation insurance or certification of self-insurance (BPC [§ 7125](#)).

Effective January 1, 2026, all license classifications will be required to have a valid certificate of workers’ compensation insurance, regardless of whether they have employees, as a condition of licensure (BPC [§ 7125](#), operative January 1, 2026).

There is currently no requirement that a licensee report the workers’ compensation classification codes for their employees.

COMMENT/ANALYSIS: This bill is a reintroduction of AB 2894 (Cooper, 2022), which was pulled from consideration before a vote by the Senate Committee on Appropriations. The Board briefly discussed – but did not take a position on – AB 2894.

This bill seeks to address a concern raised by industry about some contractor licensees that have workers’ compensation insurance, but do not use the appropriate classification code for the type of construction work performed. The WCC is a code used by contractors to obtain workers’ compensation insurance



coverage. A WCC is assigned based on the type of work performed by the employees and workers' compensation premiums are based on these codes. According to the author's fact sheet, since rates for workers' compensation insurance vary based on the four-digit WCC code used, some contractors may intentionally misclassify their employees to receive lower rates (e.g., classifying a roofing employee as a painting employee).

CSLB does not determine the coverage amount that is required for an entity to obtain workers' compensation insurance. During the initial licensure and renewal processes, CSLB verifies the applicant or licensee has workers' compensation insurance on file in accordance with the Contractors State License Law; however, CSLB does not verify that the applicant or licensee is paying the correct rate for the employees they have. Additionally, CSLB does not have jurisdiction to enforce employee misclassification.

The author's fact sheet states AB 336 will "allow both the public and the rest of the construction industry to verify that the level of workers' compensation insurance each contractor provides to its workers is appropriate for the kind of construction work their employees are performing."

FISCAL IMPACT: \$227,500.

The sponsor incorporated amendments to its original language that reduce the fiscal impact, including limiting website reporting to three classification codes. AB 336 would require staff time and workload to make changes to CSLB enterprise licensing system and website to receive and post workers' compensation classification code data. Costs would include hiring a limited-term IT consultant to, among other things, add new classification codes to CSLB's system and allow data to post from the system to the licensee's public data portal and the CSLB's website, including collaborating with and downloading information from Workers' Compensation Insurance Rating Bureau.

STAFF RECOMMENDATION: NEUTRAL



b. Assembly Bill (AB) 1204 (Holden) – Contractors: contracts: restrictions.
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB1204

STATUS/LOCATION (as of March 13, 2023): Referred to the Assembly Committee on Business and Professions. A hearing date has not been set.

SPONSOR: State Building and Construction Trades Council of California (Sponsor) and International Union of Painters and Allied Trades (Co-Sponsor)

SUBJECT: Contractors: contracts: restrictions.

CODE SECTION: Add § 7035 to the Business and Professions Code (BPC)

SUMMARY: This bill would prohibit contractors from subcontracting with two or more contractors in the same classification on the same jobsite unless the subcontractor has employees who perform the work in the relevant classification. This bill would make violation of this section cause for disciplinary action. According to the author's fact sheet, this bill is intended to prevent contractors from misclassifying employees as subcontractors to avoid complying with workers' compensation requirements.

EXISTING LAW: The Contractors' State License Law requires a license to perform the duties of a contractor. Existing law requires workers' compensation insurance for issuance, reinstatement, reactivation, renewal, or continued maintenance of a license (BPC [§ 7125](#)). Failure to meet workers' compensation requirements is cause for license denial or disciplinary action against an existing license (BPC [§ 7125.2](#)).

Effective January 1, 2023, [Senate Bill \(SB\) 216](#) (Dodd, Chapter 978, Statutes of 2022) requires all C-8, C-20, C-22, and D-49 contractors to carry workers' compensation insurance regardless of whether the contractor has employees. Contractors in all other classifications who do not have employees may file an exemption from workers' compensation requirements until January 1, 2026, when SB 216 requires all licensees to obtain workers' compensation insurance.

Business and Professions Code sections [7057](#) and [7057.5](#) define how a licensee may subcontract to another license classification within the scope of the subcontractor's trade. Title 16, section 830, of the California Code of Regulations states a subcontractor must be used to perform work outside the scope of a licensee's classification unless the work is incidental and supplemental to the work being completed. No CSLB regulation currently limits the number of subcontractors that can be used.



Finally, existing law provides that worker performing services for which a contractor's license is required is presumed to be an employee and not an independent contractor, unless among other things, they hold a valid contractor's license.

COMMENT/ANALYSIS: According to the author, in lieu of having employees and payroll, contractors may subcontract with several contractors rather than carry workers' compensation insurance and make unemployment insurance payments for employees. By preventing multiple subcontracts with more than one contractor in the same classification on the same jobsite, this bill is intended to encourage contractors to hire journey-level employees rather than subcontracting with multiple contractors to avoid meeting workers' compensation requirements. Because the contractors in this scenario do not comply with Labor Code requirements, the author states they are able to underbid contractors that hire employees and are compliant with Labor Code requirements.

Staff are conferring with industry to assess possible impacts of this bill. Early reaction from industry suggests this bill may receive equal support and opposition. Staff have identified the following pros and cons of this bill:

Pros:

- This bill could be seen to complement SB 216 by making contractors accountable for obtaining workers' compensation insurance for their employees.
- This bill could incentivize contractors to properly classify their employees as such and subsequently, comply with other labor laws.

Cons:

- Smaller contractors may be disqualified from subcontracting on larger jobs if they do not have enough employees in a specific classification because the contractor would be unable to secure another subcontractor.
- The consumer protection value this bill would provide is not clear.
- CSLB does not enforce employee misclassification.

FISCAL IMPACT: Minimal fiscal impact. Ensuring contractors comply with this bill would add a level of complexity to existing investigations, but this bill is not anticipated to create a significant fiscal impact to CSLB.

STAFF RECOMMENDATION: NEUTRAL



c. AB 1383 (Ortega) – Contractors: discipline: noncompliance with child support obligations.

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB1383

STATUS/LOCATION (as of March 13, 2023): Referred to Assembly Committee on Business and Professions. A hearing date has not been set.

SPONSOR: State Building and Construction Trades Council of California

SUBJECT: Contractors: discipline: noncompliance with child support obligations

CODE SECTION: Add § 7105 to the Business and Professions Code (BPC)

SUMMARY: This bill would require CSLB to adopt regulations by January 1, 2025, to withhold license issuance or renewal if a qualifying individual, responsible managing officer, or responsible managing employee (collectively, “qualifiers”) is not in compliance with a child support order or judgement. This bill would require licensees to notify the Registrar in writing if they are subject to a child support order and failure to do so would be cause for license suspension. This bill would also require CSLB adopt regulations to provide procedures to take action upon notification by any party having knowledge of the child support order and unpaid arrearages.

EXISTING LAW: Family Code (FC) [§ 17520](#) (c), requires the Department of Child Support Services (DCSS) to consolidate certified lists with names of those who are not in compliance with a judgment or order of support and provide that list to each board within the Department of Consumer Affairs (DCA). Further, FC § 17520 defines board responsibilities regarding checking applicants against the certified list prior to issuing or renewing a license, requires immediate notification of the board’s intent to suspend the license unless the licensee comes into compliance, and provides the process to reinstate the license.

The general BPC (sections that apply to all programs within DCA) contains provisions that require CSLB to comply with FC § 17520 and identify required steps to implement a system to comply. As discussed below, CSLB already has authority to suspend a contractor’s license for failure to comply with child support obligations. Specifically, BPC [§ 30](#) requires licensees to submit a social security number, individual taxpayer identification number, or federal employer identification number to the licensing entity and states the legislative intent of collecting this data is to comply with FC § 17520. BPC [§ 31](#) requires applicants for renewal to be compliant with FC § 17520 and BPC [§ 490.5](#) authorizes a board to suspend a license if the licensee does not comply with FC § 17520.



THIS BILL: AB 1383 would require the qualifier of a contractor’s license to submit child earnings assignment orders for child support to the Registrar within 120 days of the order issuance. The order must include the amount owed to satisfy the arrearage. Failure to comply with this requirement by any personnel would result in automatic license suspension.

This bill would require CSLB to suspend a licensee who is not in compliance with a judgment or order of support upon notice by any party having knowledge of the proof of the order and unpaid arrearages.

Additionally, this bill would require CSLB to adopt regulations by January 1, 2025, to:

- Withhold issuance or renewal of a contractor’s license if a qualifier fails to comply with a child support order pursuant to Family Code (FC) § 17250;
- Implement a system to suspend an existing license if personnel are included on a list of delinquent child support obligors provided by DCSS;
- “Automatically” suspend the license when personnel fail to notify the Registrar in writing of a child support order;
- “Automatically” suspend the license if the personnel do not show evidence that an arrearage is satisfied within 10 days;
- Implement a system to suspend a license upon notification by any party having knowledge of a child support order judicial determination and unpaid arrearages.

COMMENT/ANALYSIS: This bill would introduce manual processes where mostly automatic processes already exist. This bill would also introduce a new requirement for licensees – to submit child support orders within 120 days to the Registrar – or be subject to license suspension and require CSLB to establish new processes and onboard new staff for that purpose.

Current Process

DCSS and DCA have an Inter-Agency Agreement to carry out license suspensions pursuant to FC § 17520. DCSS currently submits a certified list to DCA of individuals subject to a child support order who are in arrears, pursuant to FC § 17520 (c). The enforcement process for DCSS begins automatically once the paying parent is behind by one month. Once the certified list is sent to DCA, the Office of Information Services’ Family Support Unit automatically runs the list for all entities within DCA. The system generates notification letters about the intent to suspend (pursuant to FC § 17520) and CSLB prints and mails those letters to the affected licensees. If a licensee whose license has been suspended or is in danger of being suspended provides the licensing board with a release, the Board may reinstate the license.

Bill Would Change Process for CSLB

This bill would require a manual process to replace the automatic process described above. To implement requirements of this bill, CSLB would be required to “take



action” upon notification from any party having knowledge of an order. To ensure a license is not suspended without cause, CSLB would be required to take and process the complaints, investigate the claims, obtain evidence, write referrals for disciplinary action, and file accusations to suspend the license. This would also increase CSLB’s cost to pay for Attorney General representation at administrative hearings. The only “automatic” suspension would be for failing to submit a court order to the Registrar, but only after regulations are adopted.

Regulations

This bill would require CSLB to adopt regulations to implement the manual process to take action against a licensee. Because of CSLB’s planned rulemaking calendar, the regulations required by this bill could not be adopted with existing staff by January 1, 2025.

FISCAL IMPACT: By introducing processes that are currently largely automatic or the responsibility of DCSS or DCA, this bill creates a large workload for CSLB.

CSLB currently receives approximately 30 licensees per month from the DCSS certified list. Based on this data, CSLB assumes this bill would at least double the total received based on information now coming from sources other than DCSS. The proposed workload assumes notifications for 60 licensee personnel will be received monthly (or 720 annually).

Based on these assumptions, CSLB estimates implementing this bill would result in \$1.42 million initial, and \$1.1 million ongoing, for staff and Attorney General costs.

STAFF RECOMMENDATION: WATCH

This bill has generated interest from DCSS and DCA, the programs that already conduct the work proposed by this bill. Staff request additional time to work with the author’s office and stakeholders to address issues of mutual concern.



- d. **SB 630 (Dodd) – Contractors State License Board: regulation of contractors.**
https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB630

STATUS/LOCATION (as of March 13, 2023): To be heard on April 10, 2023, by the Senate Committee on Business, Professions and Economic Development.

SPONSOR: Contractors State License Board (CSLB)

SUBJECT: Contractors State License Board: regulation of contractors

CODE SECTION: Adds § 7083.2 to the Business and Professions Code (BPC) and amends BPC § 7095.

SUMMARY: SB 630 would require applicants and licensees of the Contractors State Licensing Board (CSLB) to provide an email address, if available, at the time of initial licensure and renewal to CSLB. This bill would require licensees to update their email address within 30 days of a change and specify that licensee email addresses are not subject to disclosure under the California Public Records Act (CPRA). Additionally, this bill would authorize the Registrar to revoke a license when probationary conditions placed upon that license are not met.

EXISTING LAW: SB 630 proposes **two** unrelated concepts:

1. Email Address Submission

The Contractors State License Law requires anybody who desires a contractor's license to submit an application on a form prescribed by CSLB (BPC [§ 7066](#)), which includes an address. Further, BPC [§ 136](#) and [7083](#) require licensees to timely update the board of changes to their license information. However, CSLB is not authorized by law to require applicants and licensees to submit a valid email address at the time of application or renewal or to update an email address when there is a change.

2. Reinstate a License Revocation for Failing to Meet Probationary Terms

Boards and bureaus within DCA, including CSLB, are bound to the Administrative Procedure Act (APA) in Government Code (GC) [§§ 11500](#), et seq., which provides notice and opportunity to be heard (due process) before a license is revoked. The APA also allows license boards to “stay” (or pause) a decision to revoke a license by requiring the licensee to comply with specific terms and conditions of probation (GC [§ 11519](#)).

The CSLB “Disciplinary Guidelines” implement these requirements by authorizing the Registrar to order between one and three years of probation for any of the violations of the Contractors State License Law (see [§ 871](#) of Article 7, Division 8, of Title 16 of the Code of Regulations (16 CCR)). The Disciplinary Guidelines further



authorize the Registrar to automatically reimpose revocation without further notice if a contractor on probation fails to make restitution (16 CCR § 871). Business and Professions Code [§ 125.3](#) also allows the Registrar to refuse to reinstate a license when the licensee fails to pay investigative and enforcement costs ordered in a disciplinary proceeding.

However, existing law does not currently authorize the registrar to automatically reimpose revocation when a licensed contractor fails to comply with other terms of probation outlined in CSLB’s Disciplinary Guidelines, such as taking trade-specific course work or retaking the CSLB law and business examination and/or CSLB trade examination.

THIS BILL: SB 630 would require CSLB applicants and licensees to provide an email address, if available, at the time of initial licensure and renewal to CSLB. This bill would also provide for automatic license revocation when trade-specific coursework or the CSLB examinations are not completed as terms of probation.

COMMENT/ANALYSIS:

Email Address Submission

CSLB’s large licensee population – currently more than 285,000 – makes it cost prohibitive for CSLB to send information by U.S. Mail each time it needs to distribute information about new legislation, industry bulletins, notices of board and stakeholder meetings to licensees, and other important information to licensees. Additionally, widespread adoption of technology and environmental concerns have led to many people preferring paperless methods of communicating.

The high cost of mailing has led to CSLB increasingly using listserv email notifications to educate licensees on information they need to maintain their license. However, to receive listserv updates, licensees must access the CSLB website and “opt in” to receive information by email. As a result, distributed information only reaches those who subscribe to email alerts, leaving most licensees unaware of changes to their license maintenance requirements or construction business.

At least four programs within DCA have recently obtained authority to collect email addresses for their applicants and licensees.¹

Revocation for Failing to Meet Probationary Terms

This bill consolidates CSLB’s disciplinary authority by adding reference in the Contractors State License Law to CSLB’s existing authority to 1) order probationary conditions be imposed (derived from the APA); 2) order cost recovery (BPC §

¹ Since 2020. The Speech-Language Pathology & Audiology & Hearing Aid Dispensers Board, Dental Hygiene Board of California, California Board of Accountancy, and BPELSG have obtained similar authority.



125.3); and 3) reimpose revocation for failure to complete probation (CSLB's Disciplinary Guidelines).

These amendments would be consistent with other boards and bureaus within DCA that incorporate APA authority into their practice act. Examples of practice acts in the BPC that authorize a board or bureau to impose probation pursuant to the APA.²

Additionally, SB 630 would standardize the process for licensees who fail the probationary conditions imposed as disciplinary action. CSLB Disciplinary Guidelines currently authorize the registrar to automatically revoke a license when a licensee fails to pay restitution as a condition of probation. However, the Disciplinary Guidelines do not provide authority to automatically reimpose revocation for failing to comply with probationary conditions that require the contractor to take trade-specific courses, as well as the CSLB law and business examination, and/or CSLB trade examination. These probationary terms are intended to ensure the contractor has the necessary degree of knowledge to be licensed, yet CSLB must reinstate the license after the probationary period ends. CSLB must then file a separate disciplinary action and request a hearing on the licensee's failure to take the course work or pass the examinations. This process is not cost-effective and conflicts with CSLB's responsibility to ensure contractors possess the knowledge to be licensed.

FISCAL IMPACT: Minor and absorbable IT costs to program Teale system to accept email addresses.

STAFF RECOMMENDATION: SUPPORT

This is a Board-sponsored bill. The Board voted to approve the legislative proposal containing these amendments at the Board meeting on December 8, 2023.

Consolidating CSLB's disciplinary authority in the Contractors State License Law will allow better understanding of what may be included as probationary conditions and the consequences for not following through on those conditions. Additionally, consumer protection would benefit if CSLB has authority to reimpose license revocation when a licensee on disciplinary probation fails to take CSLB law and business examination and/or CSLB trade examination and or trade-specific courses.

² Chiropractors; Dentists; Dental Hygienists; Physicians; Midwives; Occupational Therapists; Physical Therapists; Vocational Nurses; Accountants; Fiduciaries; Engineers; Barbers and Cosmetologists; Private Investigators; Alarm Companies; Cemetery and Funeral Providers; Geologists and Geophysicists; Structural Pest Control Operators; Land Surveyors; Electronic and Appliance Repair Dealers; Automotive Repair Providers; and Household Movers.

AGENDA ITEM I

Adjournment

