

AUGUST 28, 2012
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Licensing
Committee Meeting





CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, CA 95827

Mailing Address: P.O. Box 26000, Sacramento, CA 95826

800.321.CSLB (2752) | www.cslb.ca.gov | *CheckTheLicenseFirst.com*

STATE OF CALIFORNIA

Governor Edmund G. Brown Jr.

NOTICE OF LICENSING COMMITTEE MEETING

The Contractors State License Board (CSLB) will hold a Licensing committee meeting on Tuesday, August 28, 2012, from 10 a.m. to 12 p.m. in the John C. Hall Hearing Room located at CSLB Headquarters, 9821 Business Park Drive, Sacramento, CA 95827; phone: (916) 255-4000.

All times are approximate and subject to change. Items may be taken out of order to maintain a quorum, accommodate a speaker, or for convenience. The meeting may be cancelled without notice. For verification of the meeting, call (916) 255-4000 or access the Board's website at <http://www.cslb.ca.gov>. Action may be taken on any item listed on this agenda, including information-only items. Public comments will be taken on agenda items at the time the item is heard. Total time allocated for public comment may be limited.

The meeting is open and the public is invited to attend. Meetings are accessible to the physically disabled. A person who needs a disability-related accommodation or modification to participate may make a request by calling (916) 255-4000 or by sending a written request to the CSLB Executive Office, 9821 Business Park Drive, Sacramento, CA 95827. Providing your request at least five business days prior to the meeting will help ensure availability of the requested accommodation.

Members of the Board who are not members of the Committee may attend the Committee meeting.

LICENSING COMMITTEE MEETING AGENDA

Licensing Committee Members

Ed Lang, Chair/ David Dias / John O'Rourke / Bruce Rust / Frank Schetter

- A. Call to Order – Chair's Remarks
- B. Public Comment Session
- C. Licensing Program Update
- D. Testing Program Update
- E. Review and Recommended Position on:
 1. Translation of CSLB Licensing Exams
 2. Retroactive Fingerprinting for Licensed Contractors
 3. Continuing Education

F. Discussion and Possible Recommended Change of Policy Regarding Renewal
Delinquency Fees

G. Update on Strategic Plan Objectives

H. Adjournment

AGENDA ITEM A

Call to Order – Chair’s Remarks

Roll is called by the Committee Chair.

LICENSING COMMITTEE MEMBERS:

ED LANG, CHAIR

DAVID DIAS

JOHN O’ROURKE

BRUCE RUST

FRANK SCHETTER

Committee Chair Ed Lang will review the scheduled Board actions and make appropriate announcements.



AGENDA ITEM B

Public Comment Session

Members of the public may address the committee at this time.
The Committee Chair may allow public participation
during other agenda items.



AGENDA ITEM C

Licensing Program Update





CONTRACTORS STATE LICENSE BOARD

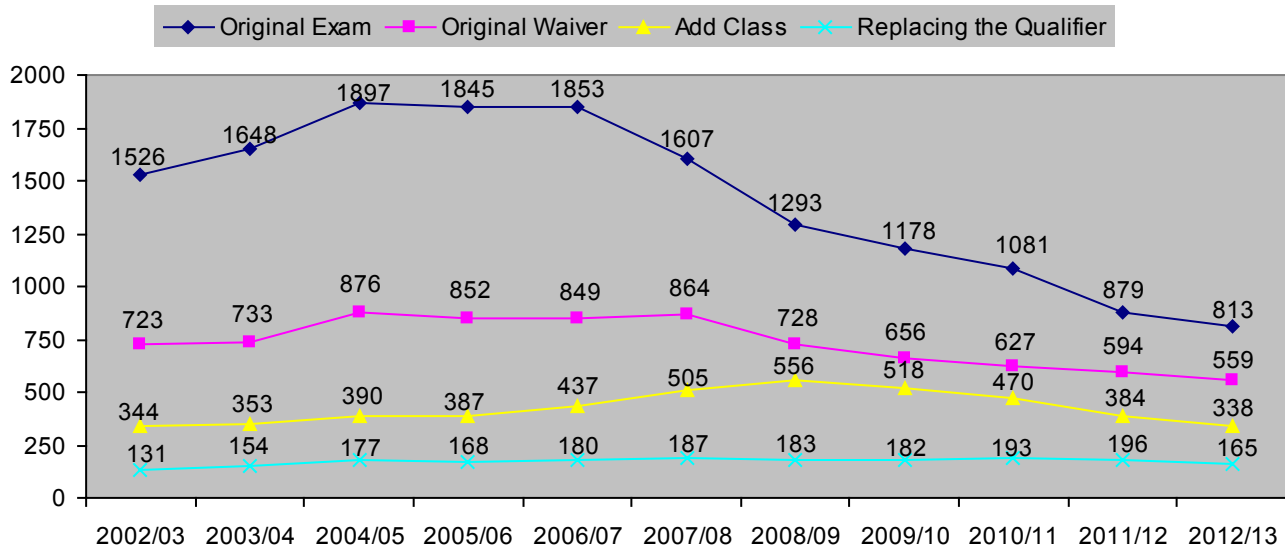
LICENSING PROGRAM UPDATE

License Application Workload

The following chart shows the average number of applications received per month for the past ten fiscal years (FY). Fingerprint requirements went into effect January 2005.

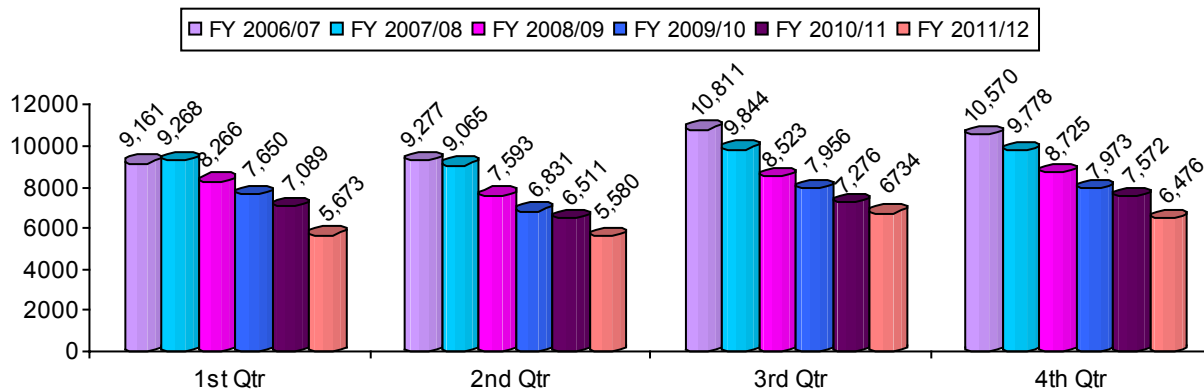
The number of applications received continues to decline due to the economic recession and housing downturn. The average number of original applications received per month for FY 2011-12 is down eight percent (8%) from the overall average for FY 2010-11.

AVERAGE NUMBER OF APPLICATIONS RECEIVED PER MONTH



The following chart compares the total number of applications received by quarter for the past six fiscal years.

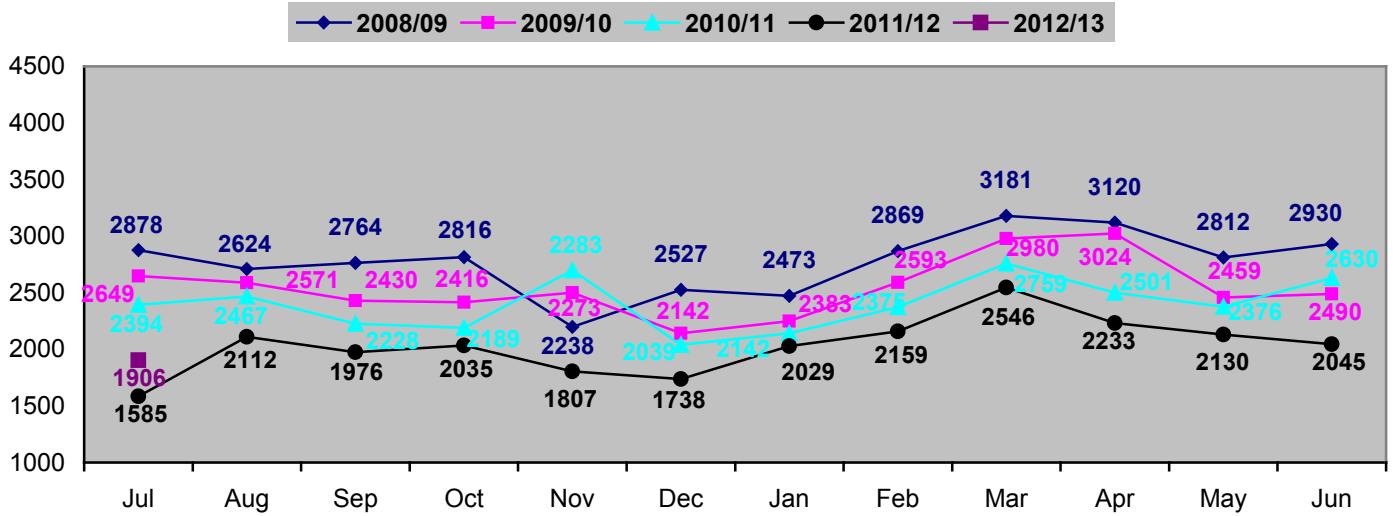
COMPARISON OF APPLICATIONS RECEIVED PER QUARTER
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)



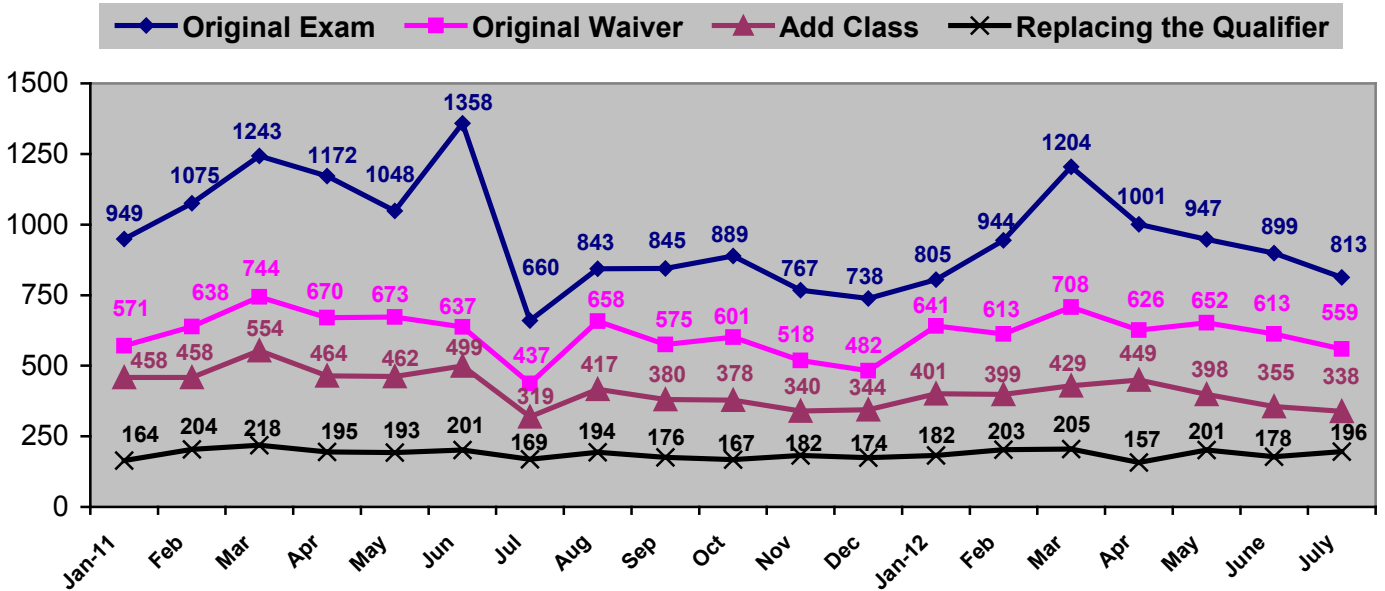
Decrease of 14% for total applications received for 2011-12 as compared to 2010-11



**TOTAL NUMBER OF APPLICATIONS RECEIVED PER MONTH
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)**



NUMBER OF APPLICATIONS RECEIVED





Limited Liability Companies (LLCs)

The new LLC program has been implemented. The passage of Senate Bill 392 (Statutes of 2010, Chapter 698) authorizes CSLB to issue contractor licenses to limited liability companies (LLCs). The law required CSLB to begin processing LLC applications no later than January 1, 2012. LLC applications were made available on the CSLB website on December 28, 2011.

In the bill, the Legislature noted that contractors have been allowed to operate as corporations, and to be designated as “S” or “C” corporations for many years, with well-established case law regarding the ability to “pierce the corporate veil.”

It was the intent of the Legislature that this doctrine also shall apply to LLCs. Since there is not yet case law establishing this principle in California an additional \$100,000 bond requirement for the benefit of workers relative to payment of wages and fringe benefits was established. This will ensure that workers are protected despite the absence of case law dealing with LLCs. This bond is in addition to the \$12,500 contractor bond.

LLCs will be qualified by responsible managing officers, responsible managing members, responsible managing managers, or responsible managing employees. All officers, members, managers, directors, and qualifiers of LLCs must be listed on the application as personnel of record.

LLCs also will be required to have \$1,000,000 in liability insurance when five or fewer persons are listed as personnel, with an additional \$100,000 required for each additional personnel, not to exceed \$5 million.

The chart below and on page 4 illustrates the number of LLC applications received from January 1, 2012 through July 31, 2012, and the disposition of those applications.





LLC APPLICATION INITIAL PROCESSING - 2012

	Exm	Wvr	Exm	Wvr	Exm	Wvr	Exm	Wvr	Exm	Wvr	Exm	Wvr	Exm	Wvr
Received	23	51	21	39	18	42	17	47	26	31	16	28	19	43
Rejected	7	25	16	23	12	29	9	32	18	16	12	13	12	8
Issued - Acceptable as Submitted	0	4	0	1	0	0	0	2	0	4	0	4	0	1
Post / Sched for Exam No Reject	7	0	3	0	4	0	3	0	0	0	0	0	1	0
Post / Sched for Exam After Reject	8	0	1	0	2	0	4	0	8	0	3	0	0	0
Post / Bond & Fee Sent No Reject	0	6	0	8	0	8	0	5	0	3	0	3	0	1
Post / Bond & Fee Sent After Reject	0	13	0	5	0	4	0	8	0	8	0	7	0	0
App Void or Withdrawn	0	3	0	2	0	1	1	0	0	0	1	1	0	2
App Not Yet Processed	0	0	0	0	0	0	0	0	0	0	0	0	6	31
	JAN		FEB		MAR		APR		MAY		JUN		JUL	

Source: Teale Program A768 – Action Codes

The Most Common Reasons for Rejection:

1. Personnel listed on application needs to match the personnel listed on SOS records.
2. The LLC / SOS registration number is missing or incorrect.
3. Personnel information needs clarification or is missing, e.g., DOB, middle name, title.
4. The business name on the application does not match LLC / SOS registration information.
5. Questions (page 2 of application, #10-14) are missing or incomplete.

Of the 421 LLC applications received through July 31, 2012, 71 limited liability company contractors’ licenses have been issued. The most common reasons for rejection continues to be staff’s inability to confirm the required LLC business name and / or LLC registration number provided by SOS and match the name(s,) title(s) and total count of LLC personnel. The California Office of Secretary of State (SOS) is still experiencing a delay in entering Statements of Information (SOI) into their database. This four-month backlog is beyond CSLB’s control. The SOI information is required for processing the LLC application, as it provides staff with the total number and names of LLC personnel, crucial in determining the appropriate amount for the LLC liability insurance requirement (between \$1 million and \$5 million). SOS offers expedited 24-hour processing of the SOI for an additional fee.



Fee Increases and Application Revisions

Regulations recently were changed to increase the application and licensure fees to their statutory limit, effective July 1, 2011. The table below outlines the previous and new fees.

In response to the fee increases, eight applications recently were revised (06/11 revision date) to reflect the new fees. The updated applications have been available on CSLB’s website since the end of June. Bulk quantities of the hardcopy applications were printed by the Office of State Publishing and were delivered to CSLB headquarters in mid- and late-July. Supplies will be distributed to CSLB’s various field offices.

2011 CSLB FEE INCREASES

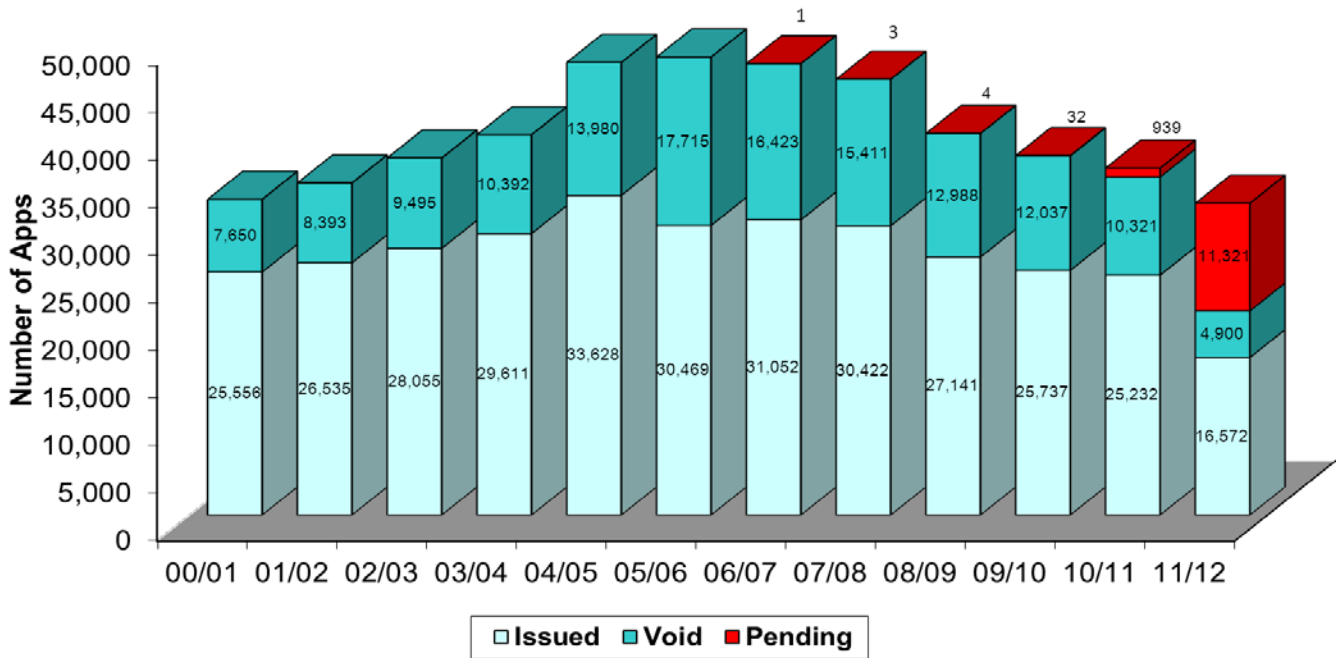
Fee	Previous Amount	New Amount	\$ Amount of Increase	% of Increase
Application for Original Contractor License	\$250.00	\$300.00	\$50.00	20%
Application to Add a Supplemental Classification or to Replace the Responsible Managing Officer or Employee on an Existing License	\$50.00	\$75.00	\$25.00	50%
Rescheduling an Examination	\$50.00	\$60.00	\$10.00	20%
Initial License Fee	\$150.00	\$180.00	\$30.00	20%
Renewal – Contractor License (Biennial)	\$300.00	\$360.00	\$60.00	20%
Renewal – 4-Year Inactive License	\$150.00	\$180.00	\$30.00	20%
Reactivate Contractor License	\$300.00	\$360.00	\$60.00	20%
Home Improvement Salesperson (HIS) Registration Fee	\$50.00	\$75.00	\$25.00	50%
Asbestos Certification Fee	\$50.00	\$75.00	\$25.00	50%
Hazardous Substance Removal Certificate	\$50.00	\$75.00	\$25.00	50%
Delinquent Fee Renewal – Contactor License ¹	\$150.00	\$180.00	\$30.00	20%
Delinquent Fee Renewal – 4-Year Inactive License ¹	\$75.00	\$90.00	\$15.00	20%
Delinquent Fee Renewal – HIS Registration ¹	\$25.00	\$37.50	\$12.50	50%

¹ B&P Code section 7137(f) sets the delinquency fee as a percentage of the applicable renewal fee: “The delinquency fee is an amount equal to 50 percent of the renewal fee, if the license is renewed after its expiration.”



Disposition of Applications by Fiscal Year Teale Report S724: Run Date 08/1/2012

(Includes: Original, Add Class, Replacing the Qualifier, Home Improvement Salesperson, Officer Changes)



License Transaction Processing Times

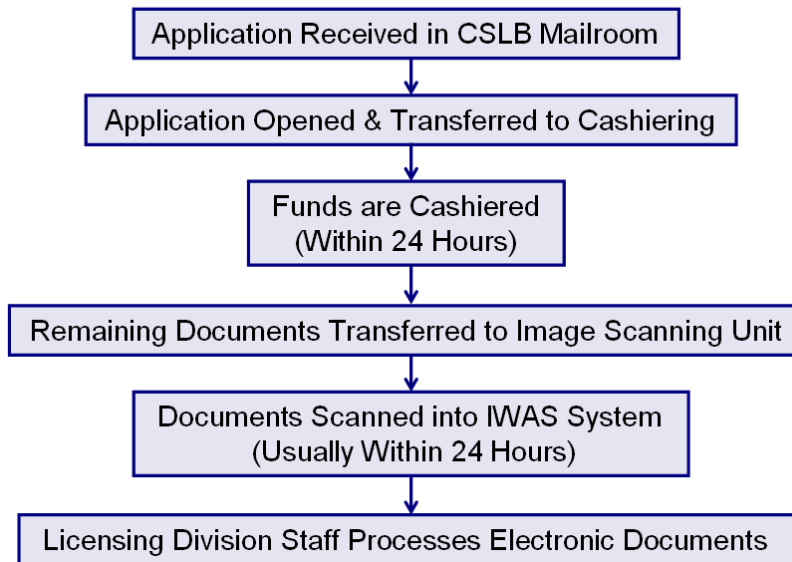
CSLB management continues to monitor processing times for the various units on a weekly and monthly basis. The charts on pages 16 - 18 track the “weeks to process” for the various application and license maintenance/transaction units.

The charts indicate the average number of weeks to process for that particular month. Processing times, or “weeks to process,” refers to the number of weeks after an application or document is received in the board office before that application or document is initially pulled for processing by a technician.

When considering the weeks-to-process timelines, it is important to understand that CSLB’s application and renewal processing schedule automatically has approximately two days of backlog built into the timelines because of cashiering and image-scanning tasks that must be performed before the application or document can be pulled for processing.



CSLB Application Processing Route



Since FY 2008-09, the Licensing division has utilized a minimal amount of overtime in contrast to previous fiscal years when overtime was a regular occurrence. Despite the minimal amount of overtime and the reduction in staff hours due to furloughs, the Licensing division has maintained acceptable processing times. This can be attributed to the significant decrease in applications as shown on the first page of this program update.



Fingerprinting/Criminal Background Unit

Since January 2005, all applicants for a CSLB license and each officer, partner, owner, and responsible managing employee, as well as all applicants to be home improvement salespersons, must be fingerprinted and undergo a criminal background check conducted by the California Department of Justice (DOJ). Individuals currently licensed by CSLB who do not apply for any changes to their license and applicants for a joint venture license are not required to be fingerprinted.

CBU staff begins processing Criminal Offender Record Information (CORI) on the same day it is received by conducting a triage and clearing those applicants that have minor, clearable convictions, provided the applicant was honest in disclosing this on the CSLB application. Applicants who did not disclose what would have been considered minor, clearable convictions on their application may be given the opportunity to withdraw the false application and submit a new application and fees on which they accurately disclose their conviction(s). These withdrawal offers also are processed as part of the triage.

Since the fingerprint program began, CSLB has received more than 263,000 transmittals from DOJ. These include clear codes and conviction information.

Of the applicants who were fingerprinted during that time period, CSLB’s Criminal Background Unit (CBU) received CORI for more than 45,000 applicants. That means that DOJ and/or the Federal Bureau of Investigation reported that the individual had a criminal conviction(s) on record.

As a result of CORI files received through July 31, 2012, CBU denied 1,094 applications and issued 1,231 probationary licenses. Of the denied licenses, 548 applicants appealed their denials.

CBU has seen a reduction in the number of fingerprint submissions as a result of the decline in applications, as well as those adding classifications that already have undergone a background check.

Below is a breakdown of CBU statistics by fiscal year:

Criminal Background Unit Statistics										
	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	TOTALS
DOJ Records Received	9,524	58,007	46,735	39,361	35,220	27,330	24,730	18,805	1790	263,099
CORI RAPP Received	949	8,410	8,057	6,484	6,253	5,254	5,201	3,997	350	45,252
Denials	224	219	237	88	76	63	108	70	1	1,094
Appeals	71	113	130	45	47	29	62	39	3	548
Probationary Licenses Issued	0	0	126	290	206	203	243	146	5	1,231



Licensing Information Center (LIC)

Call Center Workload

The volume of calls received during the first quarter of 2012 increased approximately 11 percent from the final quarter of 2011. Subsequently, call wait times increased. The increased volume is seasonal; however, a large processing backlog of workers' compensation certificates led to many additional calls. Once the backlog was eliminated, call volume returned to normal levels.

Lack of call center agents continues to weigh on call wait time. Wait time increases dramatically during the lunch hours, and even with staggered lunch schedules, there is not enough staff to handle the incoming volume of calls. To prevent wait times from exceeding 45 minutes, the Automated Call Distribution (ACD) system queue was reduced from a 50 call capacity to 35. The reduced call queue keeps wait times at acceptable levels and prevents only a small number of callers from getting through to an agent during peak hours. This has not been an issue during the second quarter, as LIC has added two additional full-time call center agents and has retained two retired annuitants who work during the peak lunch time hours.

Staffing Update

LIC hired two full-time Program Technician IIs who started in May 2012. The call center also has added two part-time retired annuitants who work during peak call hours (10:00 a.m. – 2:00 p.m.). Both of the retired annuitants have previously worked in the CSLB call center and are trained on CSLB laws and policies. The increased staffing has already helped call wait times and customer service. LIC will continue to recruit the most qualified Program Technician II's to fill remaining vacancies.

In June, LIC welcomed Estela Gomez, the new Supervising Program Technician III overseeing the call center and front counter. Estela has significant supervisory and call center experience and has already made positive contributions to LIC.

LIC currently has four student assistants who provide support in a number of areas, including assisting customers at the front counter, handling return mail, processing forms and publication requests, research, and special projects. Due to a side letter agreement with the Service Employees International Union (SEIU), all LIC student assistant positions will be eliminated August 30, 2012. This will pose new challenges for LIC as the student assistant workload will be shifted to full-time staff.

Increased Training

LIC continues to strive to provide timely, efficient, and professional services to its customers. In working toward this goal, LIC established a position to serve as a trainer and expert resource to other LIC staff. On July 23-25, LIC held a Board Orientation and Licensing Training program for 30 new employees. The training proved to be an effective way to provide new employees with an in-depth look at CSLB as a whole and the roles of its various units.

***Quick Tip Program***

For training and development purposes, the “Quick Tip” program was developed for the entire Licensing division. Every morning, a daily Quick Tip is emailed to all Licensing staff with information on CSLB laws, regulations, and policies. These daily reminders are an efficient way to distribute critical information and to keep staff apprised of any changing policies and procedures. A Quick Tip email account has been set up (quicktips@cslb.ca.gov), which allows staff to provide feedback on the Quick Tips along with any questions, concerns, or suggestions.

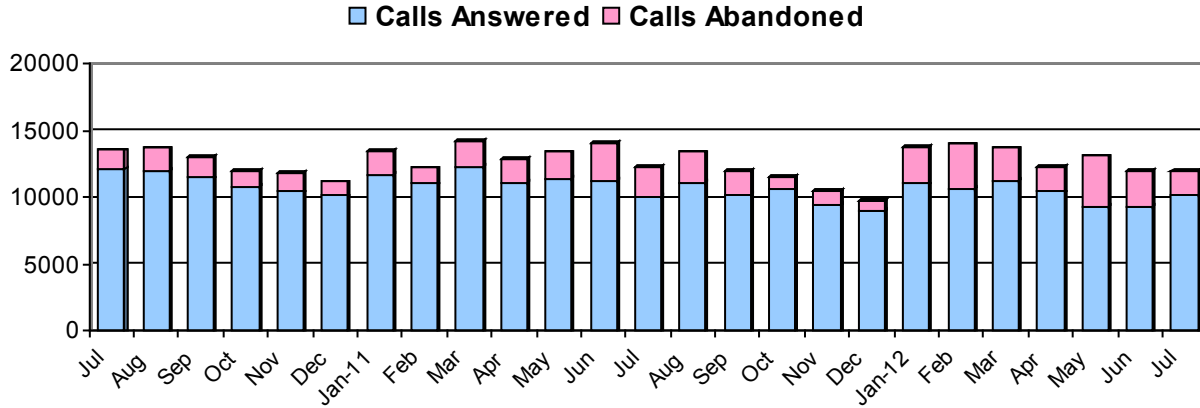
Call Center Processing

A call center processing email inbox (callcenterprocessing@cslb.ca.gov) has been established as a full-service resolution program for licensees who need their licenses updated to satisfy a suspension or to avoid a suspension. These are urgent matters that often require immediate resolution. Having this processing capability allows these matters to be resolved on the spot and prevents these types of callers from being transferred to other processing units. Additionally, the call center now has the ability to scan and email renewal applications to licensees whose licenses are going to expire within the month. Requests are processed within 24 hours at the call center level and licensees have been pleased with the increased level of service.

The call center also will start cross-training with other Licensing units to help increase their knowledge of policies and procedures. This will help create cohesion and help ensure that customers are receiving accurate, consistent information.



Licensing Information Center Call Data



	Jul 2011	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr	May	Jun	Jul 2012
Calls Received	12,328	13,433	11,963	11,577	10,552	9,880	13,698	14,042	13,705	12,337	13,150	11,985	12,044
Calls Answered	10,047	11,090	10,203	10,629	9,465	9,080	11,036	10,667	11,220	10,427	9,334	9,309	10,176
Calls Abandoned	2,270	2,342	1,759	948	1,086	746	2,714	3,372	2,484	1,903	3,815	2,675	1,867
Longest Wait Time	27:18	20:39	20:49	17:18	12:25	10:39	25:20	39:00	26:14	16:17	27:22	22:44	16:29
Shortest Wait Time	4:16	3:39	3:10	0:30	1:34	1:02	4:41	4:03	2:47	2:54	7:29	6:02	3:10
Average Wait Time	10:01	9:43	9:16	8:07	7:39	4:21	7:44	14:38	8:49	8:59	16:33	9:49	9:03



Judgment Unit

Judgment Unit staff process all outstanding liabilities, judgments, and payment of claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB's Enforcement division, and other governmental agencies. In addition, the Judgment Unit processes all documentation and correspondence related to resolving these 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
- CSLB Cashiering Unit

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payments of claims are reported to CSLB by:

- Bonding companies

When CSLB receives timely notification of an outstanding liability, judgment or payment of claim, an initial letter is sent to the licensee explaining options and a timeframe for complying, which are 90 days for judgments and payment of claims and 60 days for outstanding liabilities.

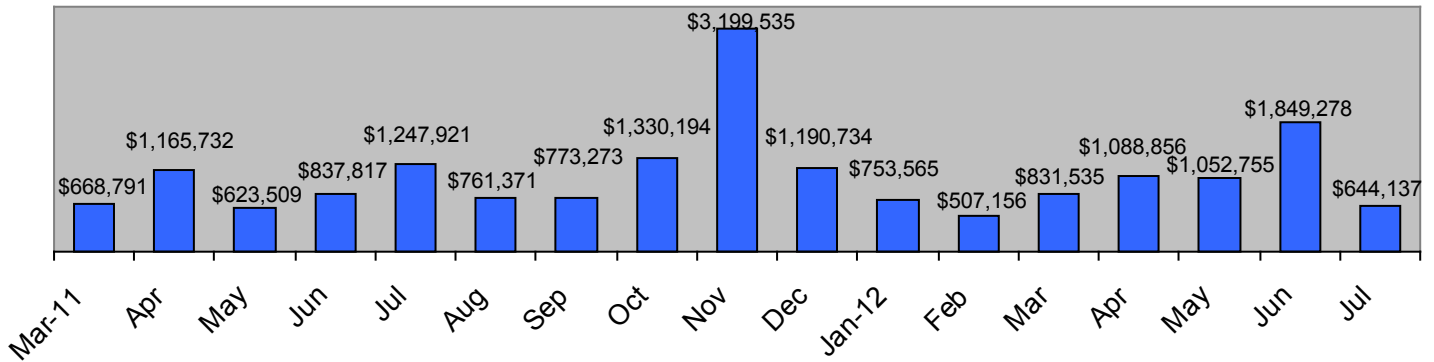
If compliance is not made within the allowed timeframe, the license is suspended and a suspend letter is sent to the contractor. A reinstatement letter is sent when compliance is met.



OUTSTANDING LIABILITIES

Letter Type Sent	Mar 2011	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr	May	Jun	Jul
Initial	140	62	71	89	62	73	71	48	71	174	98	56	52	39	56	48	69
Suspend	50	30	104	56	36	57	56	64	42	89	79	66	53	52	48	35	45
Reinstate	91	70	84	59	28	38	52	41	32	117	48	35	32	48	44	31	35

SAVINGS TO THE PUBLIC

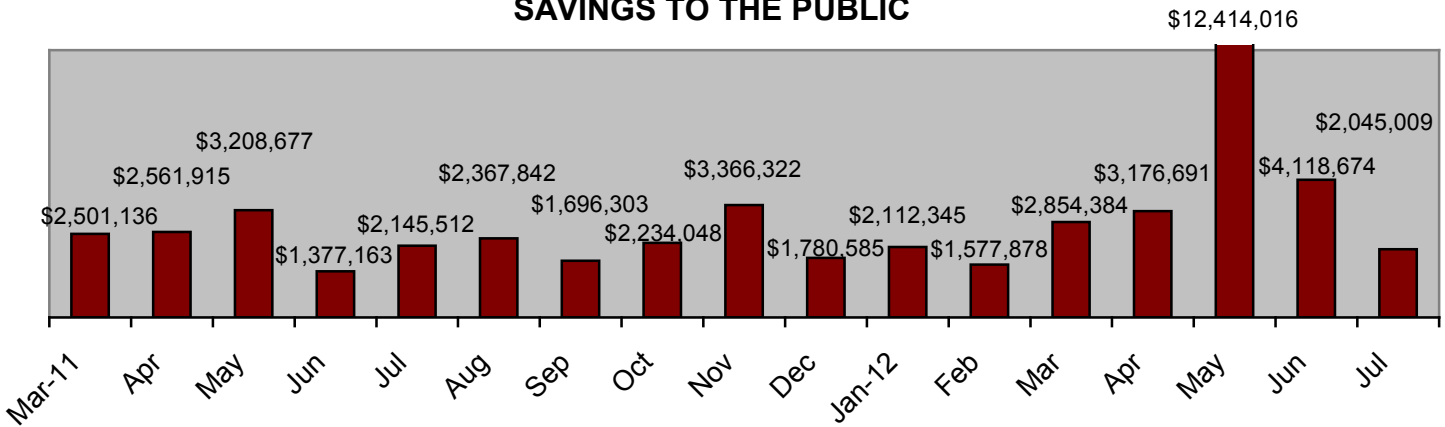




JUDGMENTS

Letter Type Sent	Mar 2011	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr	May	Jun	Jul
Initial	224	212	220	227	222	205	225	219	170	192	186	177	204	190	188	180	185
Suspend	109	84	84	77	92	114	82	84	81	93	85	74	79	75	75	64	70
Reinstate	191	165	165	135	131	186	145	162	132	127	156	153	169	194	165	163	173

SAVINGS TO THE PUBLIC

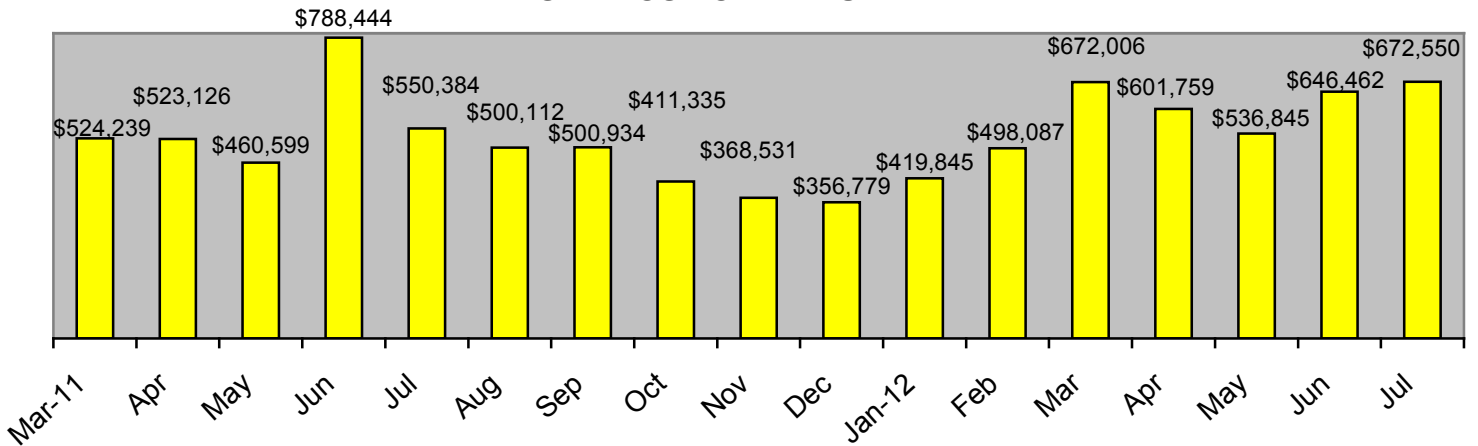




PAYMENT OF CLAIMS

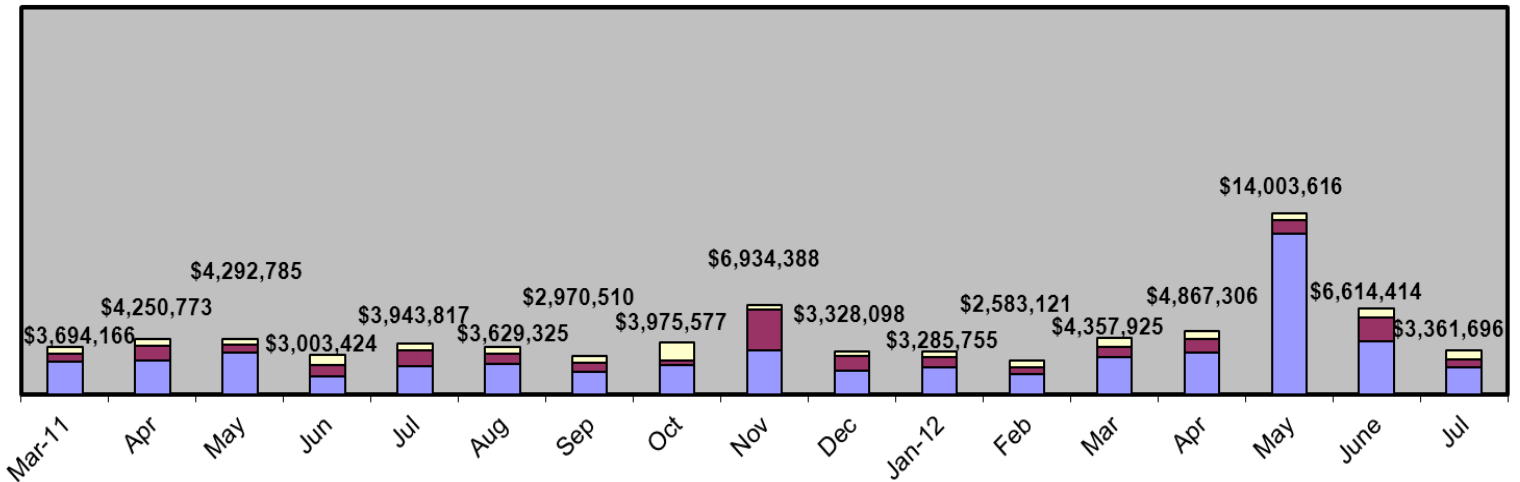
Letter Type Sent	Mar 2011	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr	May	Jun	Jul
Initial	251	220	213	234	188	177	120	224	155	152	106	124	241	165	150	223	146
Suspend	226	182	163	171	161	159	116	139	103	86	174	99	103	92	87	127	113
Reinstate	119	136	110	137	130	110	114	84	78	85	87	116	130	124	112	119	128

SAVINGS TO THE PUBLIC



TOTAL SAVINGS TO PUBLIC

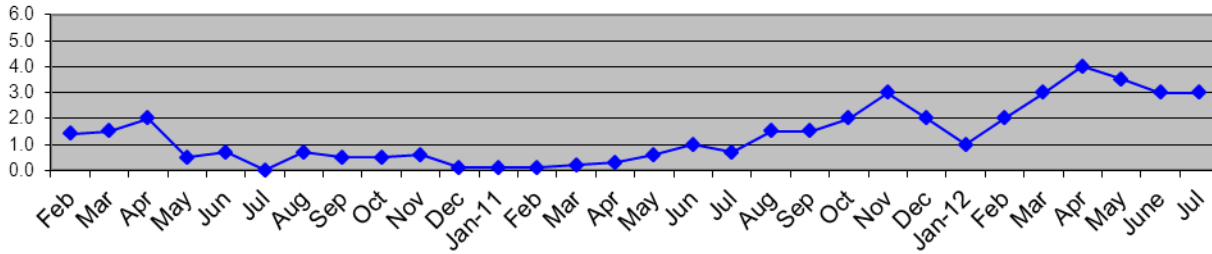
■ Judgments ■ Outstanding Liabilities □ Payment of Claims



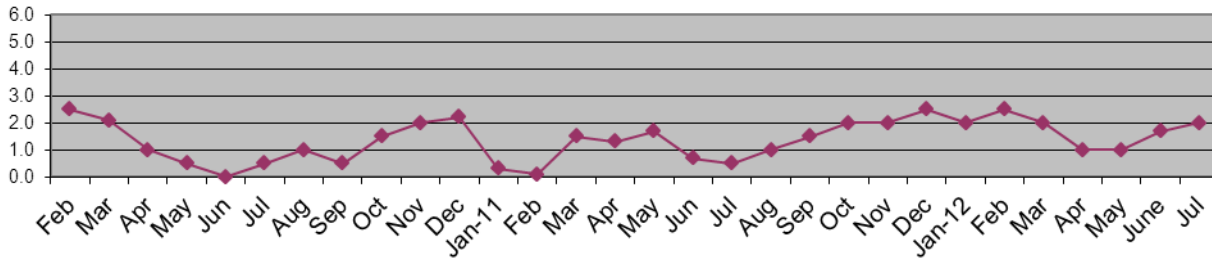


Number of Weeks Before Being Pulled for Processing

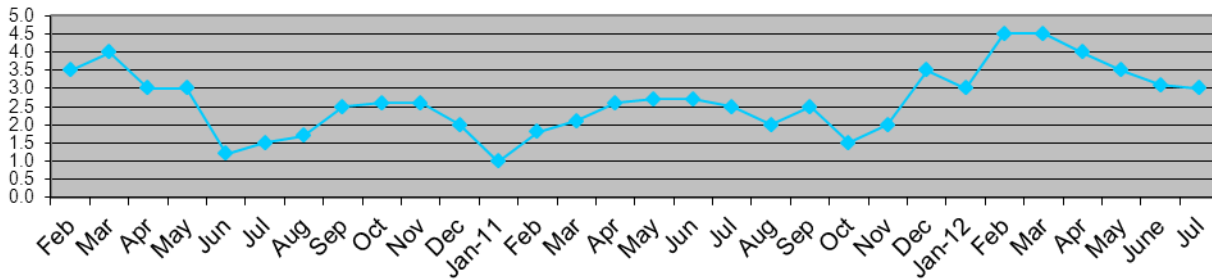
Application for Original License - Exam



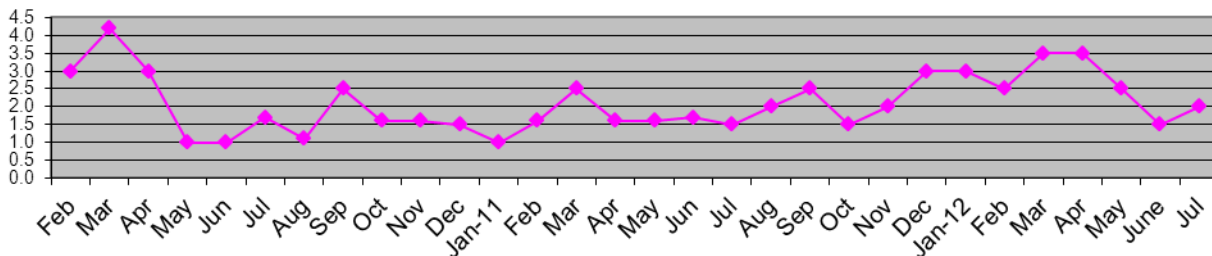
Application for Original License - Waiver



Application for Additional Classification



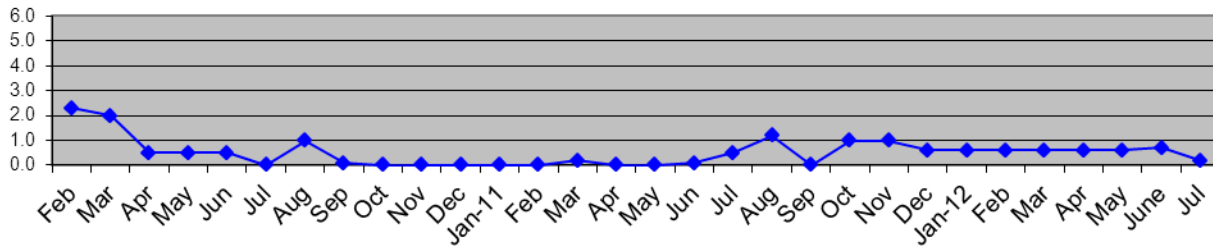
Application to Replace the Qualifier



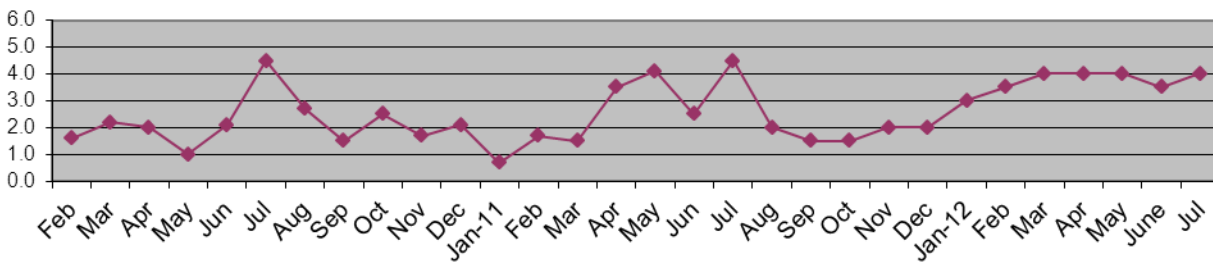


Number of Weeks Before Being Pulled for Processing

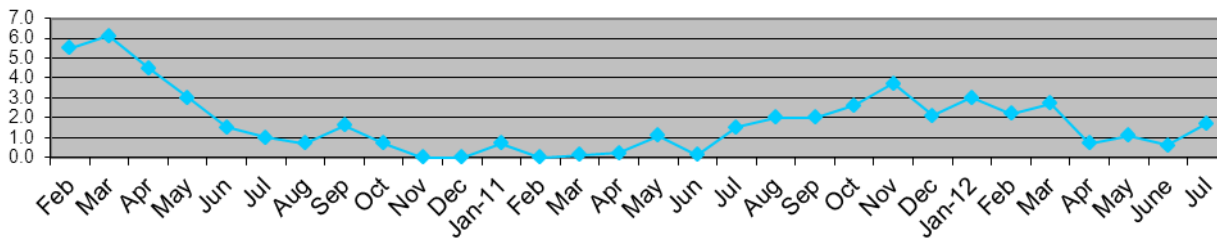
Application for Renewal



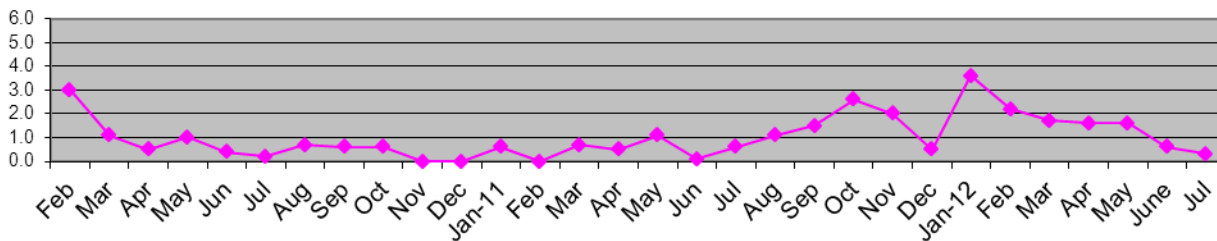
Home Improvement Salesperson (HIS) Application



Application to Report/Change Officers



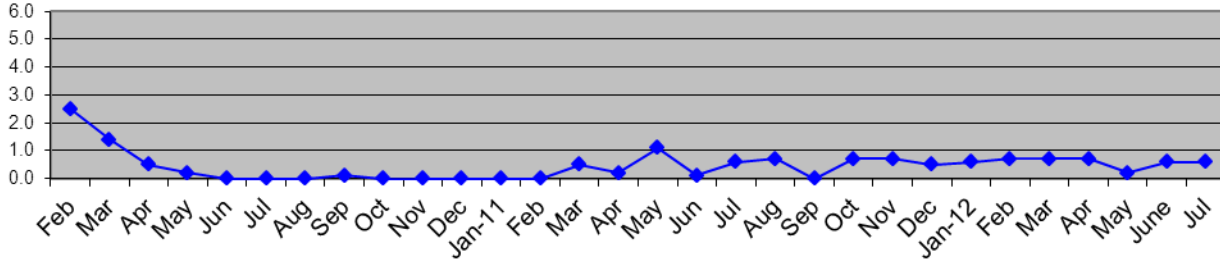
Application to Change Business Name or Address



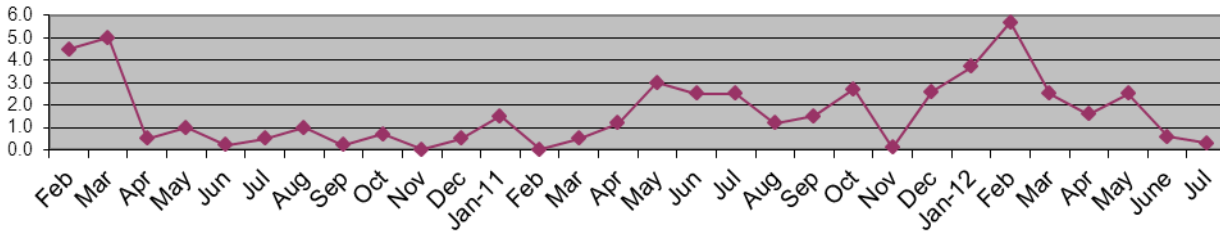


Number of Weeks Before Being Pulled for Processing

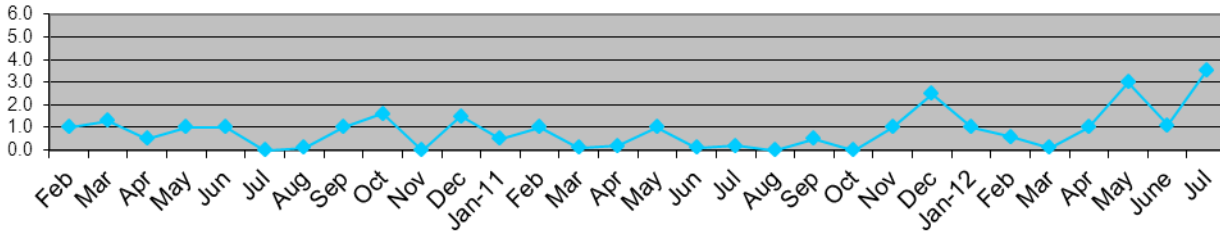
Contractor's Bond and Bond of Qualifying Individual



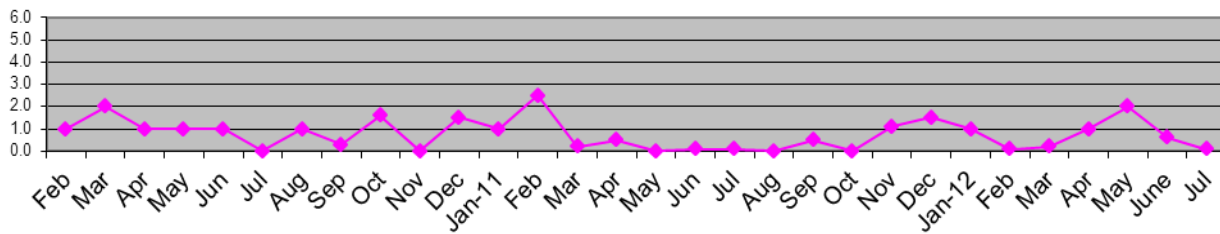
Workers' Compensation Certificates and Exemptions



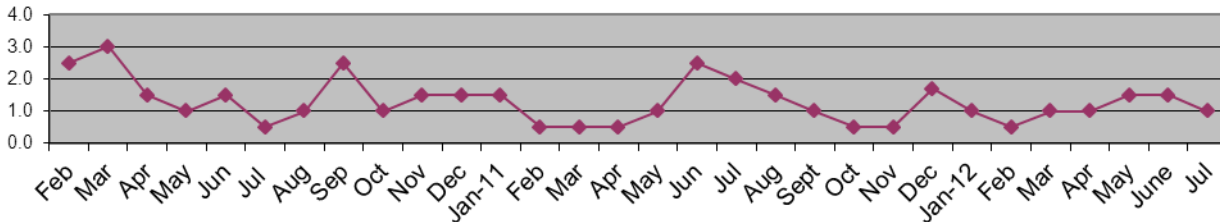
Certified License History



Request for Copies of Documents



Criminal Background Unit - CORI Review



**STAFFING – LOSS OF STUDENT ASSISTANTS IN LICENSING DIVISION**

The CSLB Licensing division currently utilizes 13 Student Assistants (SA) in three main areas: New Application Process; License Maintenance, and License Information. Student assistants provide mission critical support and have helped reduce backlogs in the transaction units and wait times in the call unit and front counter, and provide support services to the application units, enabling permanent technicians to process applications in a timely manner. (SA positions are in a learning capacity, performing support, research, and technical duties for CSLB.) As a result of recent employee contract negotiations, the Licensing division will lose all SAs, effective August 30, 2012.

The 13 SAs are utilized for the following functions:

- **New Application Process** - Application Examination Unit; Application Waiver Unit; Supplemental Applications Unit (2 SA Positions):
 - These mission critical SA positions support one of CSLB's primary mandates – the licensure of contractors. CSLB relies on SAs to perform the initial processing tasks associated with license applications, to enable prospective licensees a more prompt turn-around to begin their businesses and livelihood.
 - SAs review various applications relating to contractor licensing, enter application information into the TEALE licensing database system, and prepare documents for scanning into the Imaging Workflow Automated System (IWAS). Specific duties include, but are not limited to, entering into TEALE all incoming applications to ensure completeness; researching to determine what information may be needed; and distributing documents to the appropriate staff person or unit. SAs prepare and batch all license applications and other related documents for scanning into IWAS for subsequent electronic distribution to and processing by Program Technicians in the application units. They also prepare, verify, research, file, and photocopy reports and other documents, as assigned by a supervisor; provide assistance to a variety of Licensing division application units, as assigned; and assist with miscellaneous unit duties, such as ordering and maintaining unit supplies.
 - SA work is focused on supporting tasks performed by permanent staff. Rank and file Program Technicians in the application units having to now perform these duties will detract from the more complex and technical work that is required to thoroughly review and process license applications, and will result in licensure delays.
- **License Maintenance** - Renewal Unit; License Modification Unit; Bond Unit; Workers' Compensation Unit (6 SA Positions):



- SAs review documents relating to the renewal of a contractor license, enter workers' compensation insurance information into the TEALE licensing database system, and prepare documents for scanning into the Imaging Workflow Automated System (IWAS). Specific duties include, but are not limited to, entering into TEALE all incoming documents to ensure completeness; researching to determine what information may be needed; and distributing documents to appropriate staff person or unit. SAs prepare and batch workers' compensation insurance exemptions/certificates and other related documents for scanning into IWAS for subsequent electronic distribution to and processing by Program Technicians in the transaction units. They also prepare, verify, research, file, and photocopy reports and other documents, as assigned by a supervisor; provide assistance to a variety of Licensing division units, as assigned; and assist with miscellaneous unit duties, such as ordering and maintaining unit supplies.
- The licenses and livelihood of current businesses are reliant upon this processing, beginning with the work performed by the SAs. Without these six SA positions, the workload of the Program Technicians in the transaction units will be expanded, and processing will be delayed.
- **License Information - Call Center; Front Counter; Record Certification Unit (5 SA Positions):**
 - SAs are an essential part of Call Center staffing and provide accurate and timely information to licensees and consumers. SAs also respond to public requests for forms and applications and assist supervisors and managers with a variety of special research projects. When the SA positions are eliminated, their workload will shift to full-time Call Center agents. This will be a tremendous burden and take agents away from answering calls. This shift of workload will cause a significant increase in call wait times, abandoned calls, and increased complaints to the Board, the Legislature, and the Governor's Office.
 - The CSLB Record Certification Unit is responsible for researching license histories of contractors and providing timely and accurate information to the Department of Justice, CSLB Enforcement division, local county criminal and civil courts, and the public. The verified license histories are critical pieces of evidence in court and enforcement proceedings; SAs play an integral role in this unit. SA help research licensee records, copy records, write cover letters, mail out requested forms, and work on special research projects. Shifting this workload to full-time MST/SSA staff will hinder their ability to perform the more complex licensee research and generate



reports, and may jeopardize the unit's ability to comply with subpoenas and other requests in a timely manner.

Elimination of the Licensing division's current 13 SAs will have a significant negative impact on daily operations, including processing delays, increased customer wait times, increased complaints from customers and external agencies, and postponement of legislative and other mandates.

AGENDA ITEM D

Testing Program Update





Staffing

The Testing division has two vacant positions – one testing specialist in the Examination Development Unit, and one test monitor position in San Diego. The San Diego position was created by transferring an extra vacant test monitor position from Norwalk. Due to the large capacity of the Norwalk testing center, Norwalk had three test monitor positions instead of two. With the reduced number of examinations currently being administered, the extra position was no longer necessary in Norwalk. By transferring the position to San Diego, we will be able to have two full-time staff members in every testing center.

DCA would not approve our request to create a Staff Services Manager I position to replace the two management positions that previously supervised the Examination Administration Unit. We are working with CSLB Personnel to strategize alternative solutions. Two analysts in Sacramento and one in southern California are designated as leads to manage the workload.

Examination Wait Time

The wait time for an examination date is three weeks statewide. On any given day, walk-in applicants have an excellent chance of finding an available seat in any CSLB testing center.

Testing Center Status

CSLB maintains eight testing centers:

1. Sacramento
2. Oakland
3. San Jose
4. Fresno
5. Oxnard
6. Norwalk
7. San Bernardino
8. San Diego

The Oakland testing center will relocate in response to the Board of Equalization's request for additional space in the Oakland building. The Department of General Services identified available space in a Berkeley office building that offers free parking, easy freeway access, and a nicer space with a shared lunchroom. The building is occupied by the Department of Toxic Substances Control and Cal/EPA.



Utilization of Testing Centers for Other Projects

Due to the reduced number of CSLB licensing examinations being administered, the Testing division is extending its use of CSLB testing centers for other purposes.

Beginning at the end of September, the Norwalk and San Bernardino testing centers will be used by DCA to train other boards on the new BreEZe software. Each center will be used twice a week for training for three weeks. This is the first time the centers have been scheduled for training purposes.

Change to Examination Administration Procedures

The Testing division has decided to implement a new policy with regard to the time applicants are allowed for their examinations. The existing policy was to give applicants two-and-one-half hours for each examination, and applicants who needed additional time could request another hour. The new policy will give all applicants three-and-one-half hours for each examination. The new policy is consistent with standard testing guidelines, is fair to all applicants, and will streamline operations in the testing centers by not having to schedule special sessions.

Examination Development

The Testing division's Examination Development Unit (EDU) is responsible for ensuring that CSLB's 45 examinations are maintained and updated in accordance with testing standards, guidelines, and CSLB regulations. The examination development process involves two phases: occupational analysis and new examination development, and must be completed every five to seven years for each of CSLB's examinations.

The occupational analysis phase determines what information is relevant to each contractor classification, and in what proportions it should be tested; the new examination development phase involves reviewing and revising the existing test questions, writing new test questions, and determining the passing score for the new examination.

EDU recently completed a new occupational analysis for the following classification:

- Hazardous Certification

EDU has completed new examinations for the following classifications:

- C-4 Boiler, Hot-Water Heating and Steam Fitting
- C-7 Low Voltage



The following table lists current occupational analysis and examination development projects:

Occupational Analyses in Progress	New Examinations in Progress
C-34 Pipeline	C-16 Fire Protection
C-45 Signs	C-21 Building Moving and Demolition
C-50 Reinforcing Steel	C-42 Sanitation Systems
C-55 Water Conditioning	C-46 Solar
C-57 Well Drilling	C-47 Manufactured Housing
	Hazardous Certification

The Testing division is using email surveys as much as possible for occupational analysis projects because they are quicker, less expensive, and they require no data entry. However, CSLB does not have email addresses for all contractors, so paper surveys also are being used to make sure a large enough sample of licensees is reached. Testing is experiencing some delay in getting DCA approval for contracts with the Office of State Publishing to print and mail out the surveys.

Ongoing Consumer Satisfaction Survey

The Testing division conducts an ongoing survey of consumers whose complaint cases have been closed. The survey is designed to assess overall satisfaction with the Enforcement division’s handling of complaints in eight content categories. The survey is emailed to all consumers with closed complaints who provide CSLB with their email address during the complaint process. Consumers receive the survey in the first or second month after their complaint is closed. The 2011 report was recently completed.

Examination Development Staff Work on DCA Projects

The Examination Development Unit is assisting the DCA Office of Professional Examination Services (OPES) with two occupational analysis and one examination development project. OPES provides examination services to DCA’s other board and bureaus, and has recently experienced a staffing shortage. EDU’s assistance was requested in order to prevent delays in the completion of other boards’ examination development projects. EDU staff is working on projects for the Board of Behavioral Sciences and the Board of Veterinary Medicine.

AGENDA ITEM E

Review and Recommended Position on:

1. Translation of CSLB Licensing Exams
2. Retroactive Fingerprinting for Licensed Contractors
3. Continuing Education



CSLB TRANSLATOR TESTING

Current Translator Testing Method

CSLB administers 45 examinations (42 trade, two certification, and one law and business) by computer at eight testing centers throughout the state. For an exam to be translated, English as a Second Language (ESL) applicants must bring their own translator, provided that the translator does not work in a legal, accounting, or construction-related industry. Approved translators also may not translate more often than once per calendar year. CSLB dedicates one staff member to process the applications for these applicants and their translators, and to set up days that are exclusively dedicated to translator examinations at specific testing centers.

The current translation method requires the translator to perform a “sight” translation of the examination: the translator sees the questions in English on the computer screen and translates the words out loud to the ESL applicant in the designated language. ESL applicants and their translators are not face-to-face; they sit in separate cubicles and communicate over a phone line using microphones and earphones. Translators do not see the applicants’ answers to the questions. The test monitor supervises this communication by tapping into the phone line. Although test monitors do not have knowledge of the languages the examinations are being translated into, they are trained to identify patterns that indicate misconduct (cheating). All translations are tape-recorded. When misconduct is suspected, a certified interpreter for the target language reviews the translation recordings.

Number of Translated Examinations:

From January 2008 to December 2011, CSLB administered 215,025 examinations. Of those examinations, 1.75 percent (3,749) was administered with translators. **Figure 1** indicates that, 0.95 percent (2,040) of the translations was for the law examination and the other 0.80 percent (1,709) was for the trade examinations.

NUMBER OF EXAMS TRANSLATED AND NON-TRANSLATED
Jan 2008 - Dec 2011

TOTAL EXAMINATION ADMINISTRATIONS = 215,025

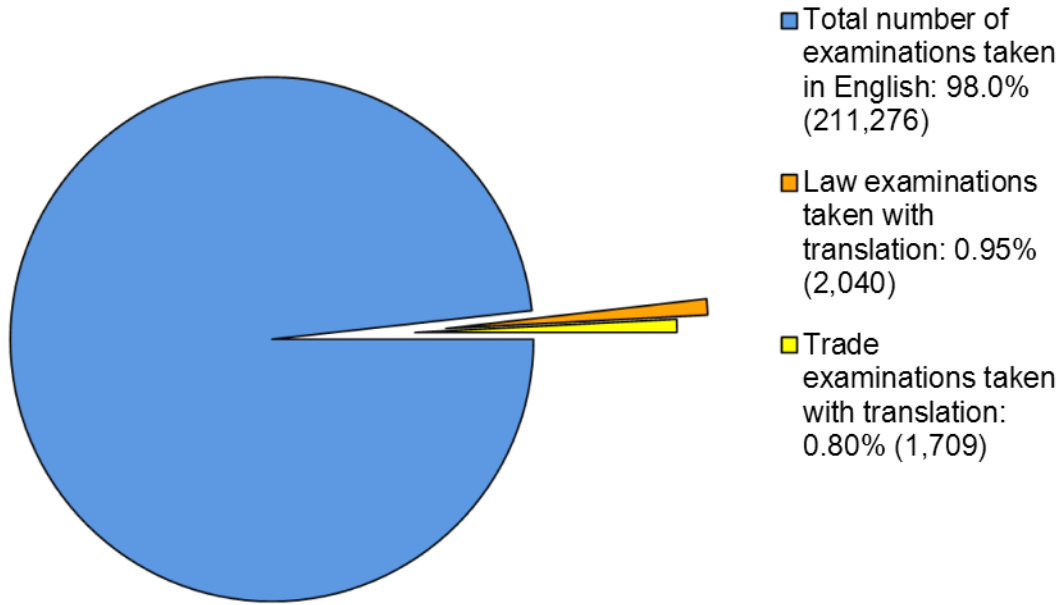


Figure 1

Language by Trade Patterns

Figure 2 shows the translation breakdown by languages for the law examination. Ninety percent of the translated law examinations involve five major languages: Spanish, Chinese, Armenian, Korean, and Vietnamese. The remaining 10 percent include over 30 languages.

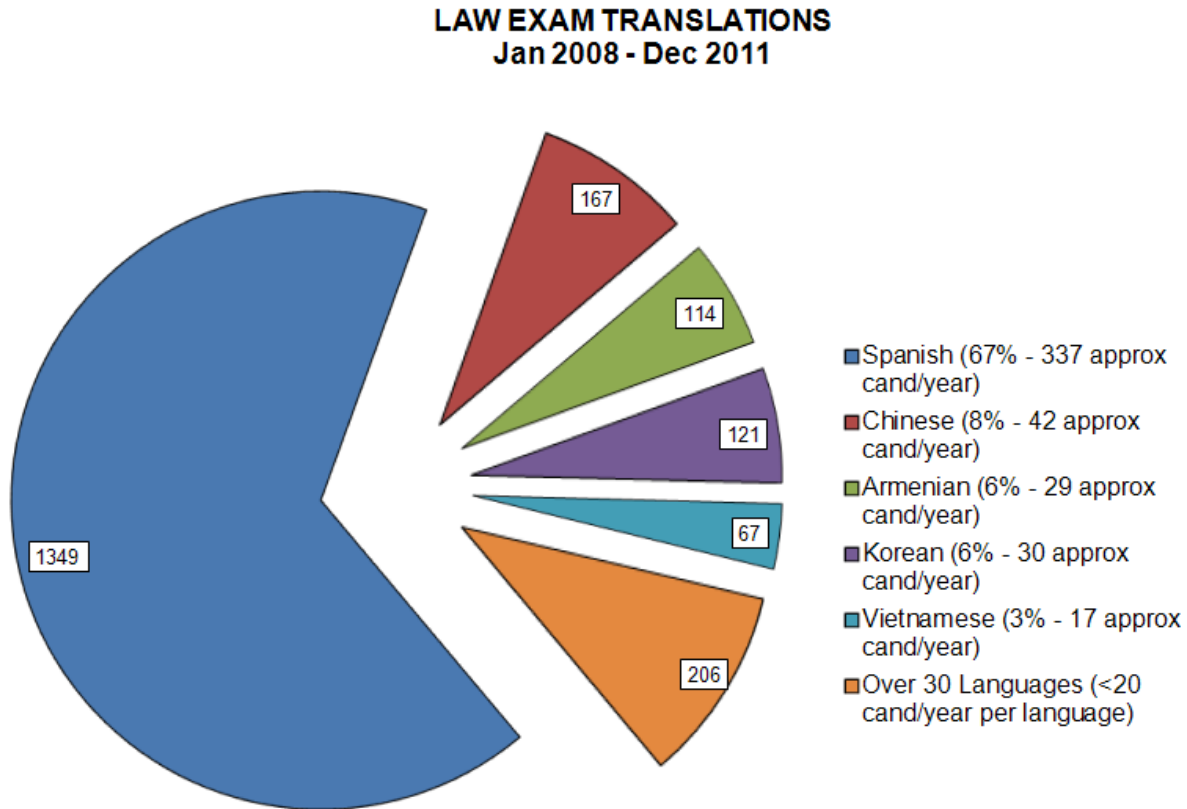


Figure 2

Requests for translation of examinations into the five major languages (Spanish, Chinese, Korean, Armenian, and Vietnamese) are spread out among many different examinations. **Figures 3 to 7** address each language separately, showing the number of trade examinations that were translated into each of the main languages. As can be observed, there is no consistent relationship pattern between languages and trades. For example, the B – General Contractor accounts for over half of the trade examinations translated to Chinese and Korean and for about one-third of the trade examinations translated to Vietnamese; the C-27 Landscaping and C-15 Flooring examination account for more than one-fourth of all examinations translated to Armenian; translations to Spanish are spread among many trades; and little over one-half of the translations to Armenian are spread among the “B” General Building contractor, C-20 Warm-Air Heating, Ventilating and Air-Conditioning, and C-10 Electrical classifications. As this analysis indicates, the languages and examinations are spread out in a large and complex matrix.

**NUMBER OF TRADE EXAMS TRANSLATED TO SPANISH
Jan 2008 - Dec 2011**

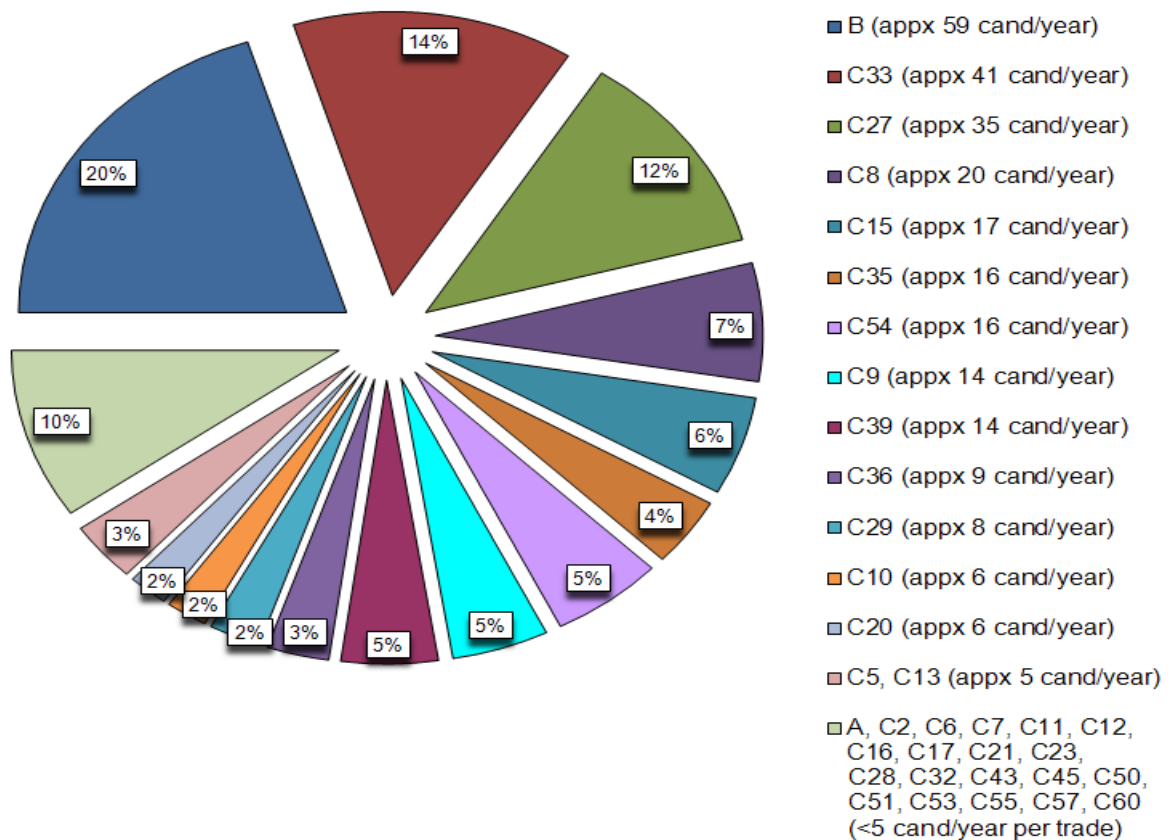


Figure 3

NUMBER OF EXAMS TRANSLATED TO CHINESE
Jan 2008 - Dec 2011

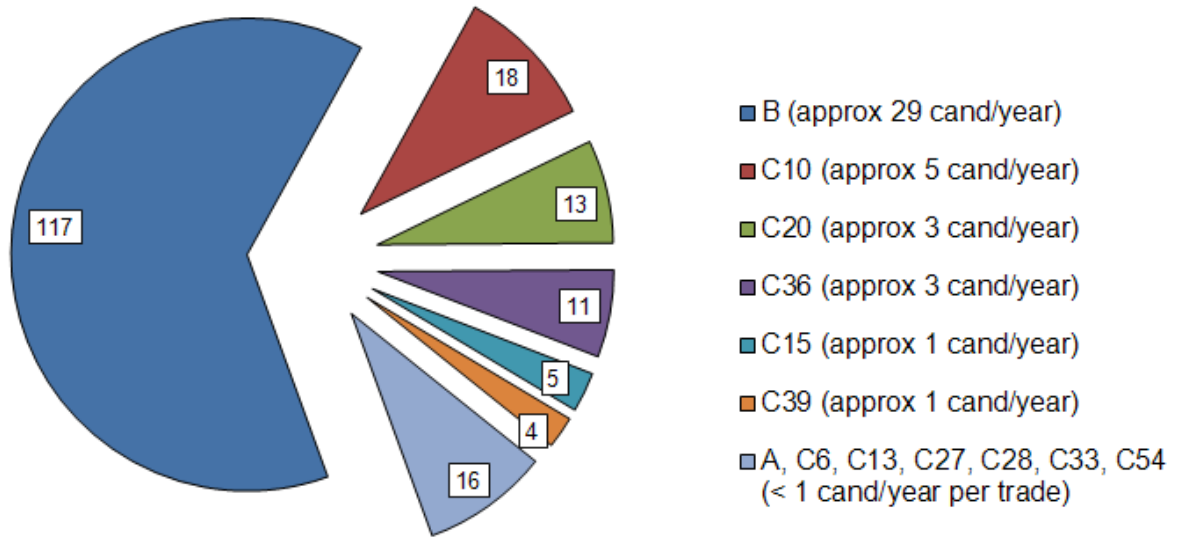


Figure 4

NUMBER OF TRADE EXAMS TRANSLATED TO KOREAN
Jan 2008 - Dec 2011

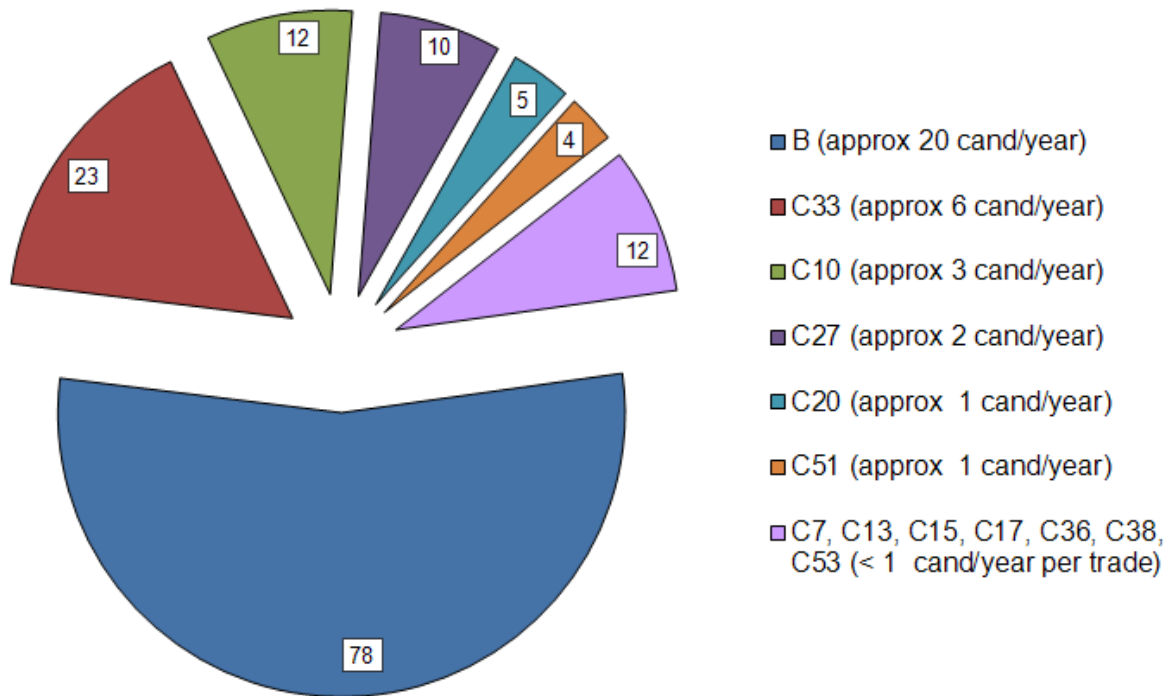


Figure 5

NUMBER OF TRADE EXAMS TRANSLATED TO ARMENIAN
Jan 2008 - Dec 2011

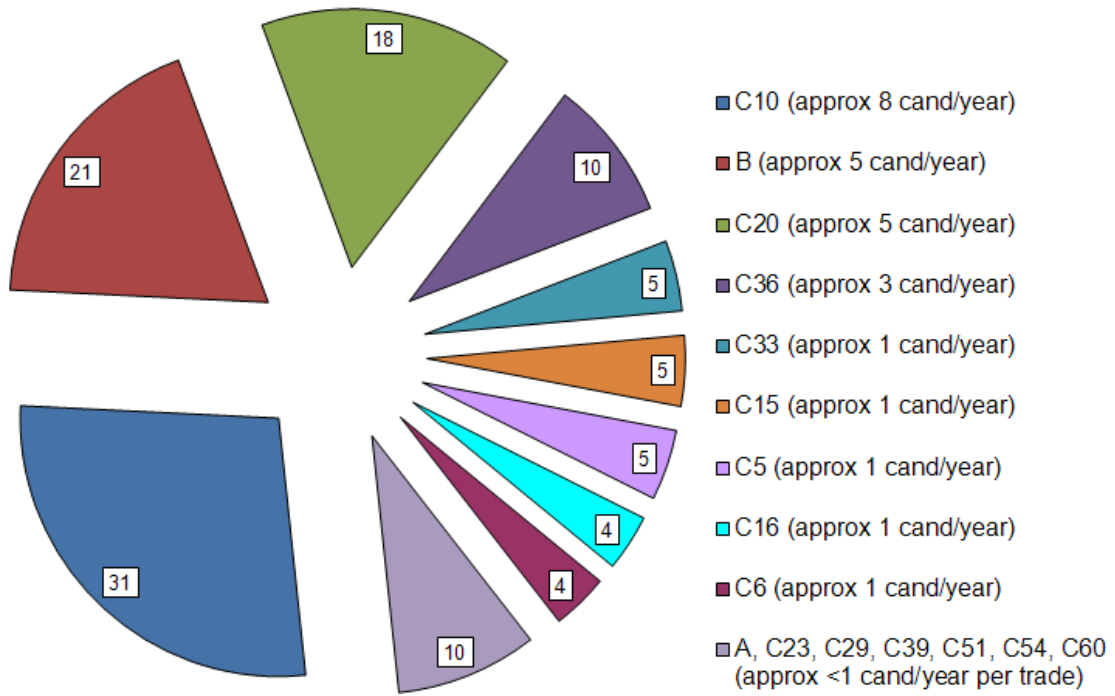


Figure 6

NUMBER OF TRADE EXAMS TRANSLATED TO VIETNAMESE
Jan 2008 - Dec 2011

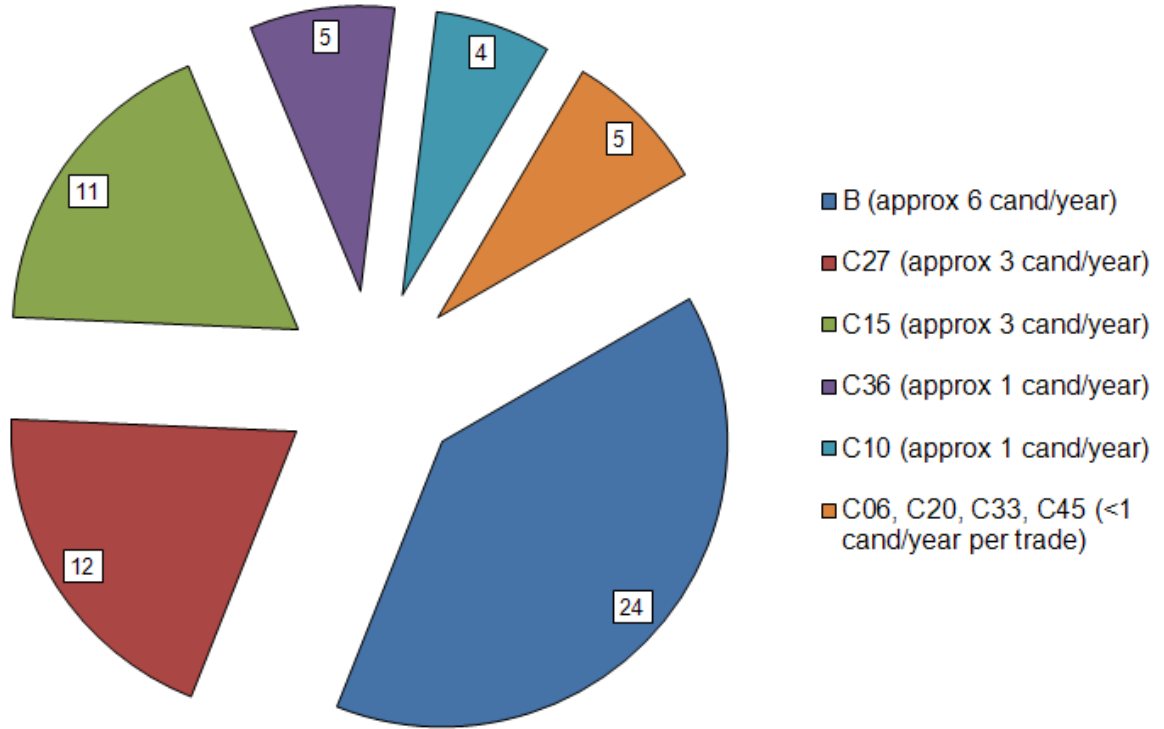


Figure 7

Analysis of Alternative Translation Methods

CSLB is not required by law to translate applicant examinations, but its goal is to provide ESL applicants with the fairest way to test for an examination using a translation methodology that is feasible and effective. The Testing unit has reviewed different methods for providing translated examinations. **Table 1** on the next pages describes the methods with their advantages, disadvantages, and cost considerations.

The main disadvantage of the current method of allowing CSLB-approved, applicant-provided translators is whether the quality of the translations is consistent among translators. Option 3, allowing only certified translators, might help with that, but it creates other issues:

- It would be expensive for the applicant.
- CSLB would have no control of whether the translator has legal, accounting, or construction-related experience.
- CSLB would have no control over how often a specific translator translates a given examination.
- The licensed translator might not have expertise in the very specific dialect an applicant may need.

Option 1, changing CSLB's policy to discontinue any translating, would likely meet with strong opposition.

Due to the variety of languages, number of different license and certification examinations, ongoing cycle of examination content revision, and volume of examinations, it is impossible to translate all of the examination banks or versions into all of the needed languages. The funding and staff resources to support even the main languages and main examination classifications (Options 4 and 5) would require an excessive expenditure. This would not only include the cost of translating the examinations, but also the cost of revalidating and pass point setting for each examination in each language (as required by the *Standards for Educational and Psychological Test*, 1999, American Educational Research Association, American Psychological Association, and National Council on Measurement in Education).

Option 4 is much more costly than Option 5, because it entails translating whole examination banks, rather than versions of 100 to 115 questions. The problem with translating only one version of an examination is that many applicants retest several times. It would be unfair and also threaten examination security for applicants with translated examinations to be exposed over and over to the same questions on a single version, when other applicants are required to take different versions. To prevent overexposure of examination questions, most of the CSLB examinations have two to three versions available at a time, and new versions are released frequently.

Option 2, CSLB's current method of translation, meets the needs of all ESL applicants and is cost-effective. ESL applicants are treated fairly, no matter what language or dialect they need. In addition, it treats ESL applicants equally to other applicants in that they are administered the same examination versions, and they also have equal exposure to questions upon retesting.

Table 1

Translation Option	Methodology	Advantages	Disadvantages	Approximate Cost to CSLB
1. Disallow any translations	CSLB communicates to applicants that all examinations are to be taken in English only.	- All examinations given in English	- CSLB perceived as not accommodating needs of ESL applicants - ESL applicant could file lawsuit against the CSLB	Reduction in staff time
2. Allow sight translation by applicant-provided translator (current method)	- Applicants requesting a translated examination provide their own translator (a certified interpreter, family member, or friend) - Translation is recorded and reviewed in case of suspected misconduct	- Translated examinations contain same questions as non-translated examinations - CSLB not liable for translation	- Possible use of non-qualified translators leading to inconsistency in translations	One staff person is dedicated to translator program
3. Allow sight translation by certified translators only	- Applicants requesting a translated examination provide a certified interpreter - Translation is recorded and reviewed in case of suspected misconduct	- Translated examinations contain same questions as non-translated examinations	- Higher cost for applicants - Applicant's need for a specific dialect may not be met - Potential protests by applicants over quality of translation, if CSLB limits their options - CSLB could not control that the interpreter does not have construction or law knowledge - CLSB could not control how often the interpreters translate a given examination	Reduction in staff time

Translation Option	Methodology	Advantages	Disadvantages	Approximate Cost
4. Translate the whole item bank for main languages/ classifications	- Test development staff coordinates written translations by subject matter experts of seven item banks (approximately 5,000 items) into different languages, requiring new validation and pass point	- Consistent translation for main languages/trades - Possible misconduct between translator and applicant eliminated	- No translation services provided to less popular target languages and classifications - Unequal treatment for ESL applicants needing translations for the non-target languages and classifications leading to lawsuits - Potential protests by applicants over quality of translation - CSLB would have to hire more test development staff to take over management of translated banks and subject matter expert recruitment.	Very high cost
5. Translate one version for main languages/ classifications	- Test development staff coordinates written translations by subject matter experts of seven examination versions (approximately 730 items) into different languages, requiring new validation and pass point	- Consistent translation for main languages/trades - Possible misconduct between translator and applicant eliminated	- Preferential treatment to those with translated examinations who, upon retest, are always exposed to the same questions, whereas others take different versions - No translation services provided to less popular target languages and classifications - Unequal treatment for ESL applicants needing translations for the non-target languages and classifications leading to lawsuits - Potential protests by applicants over quality of translation - CSLB would have to hire more test development staff to take over management of translated versions and subject matter expert recruitment.	High cost

RETROACTIVE FINGERPRINTING FOR LICENSED CONTRACTORS

Summary of Recommended Position

Existing California licensed contractors should not be fingerprinted retroactively.

Current Law

Business and Professions Code section 144 (added by Chapter 758, Statutes of 1997) provides that all listed boards shall require applicants to furnish a full set of fingerprints for the purpose of conducting criminal history record checks. The Contractors State License Board (CSLB) was included in Section 144 in 2002 (SB 1953, Chapter 789) and 2003 (SB 364, Chapter 789). In 2002 and 2003, the fiscal estimate for implementing the fingerprinting requirement was \$200,000 in the first fiscal year and \$227,000 annually thereafter. Legislation in 2004 (SB 136, Chapter 909) delayed implementation of the requirement until sufficient resources were available or until July 1, 2005, whichever occurred first. CSLB began fingerprinting applicants in January 2005. Prior to this, CSLB had the authority to deny a license or discipline a licensee for a conviction that was substantially related to the qualifications of the profession, but relied upon applicants and licensees voluntarily disclosing this information.

Implementation of Existing Requirement

To date, CSLB has fingerprinted approximately 40 percent of its licensees. CSLB requires fingerprint submission for any new application, including any existing licensee who is modifying a license (such as a change of qualifying individual or additional classification).

Cumulatively, as of May 1, 2012, the first-time fingerprinting hit rate (not including subsequent arrests/convictions) was approximately 17.1 percent (44,152 applicants with a type of conviction out of 257,825 applicants fingerprinted).

CSLB has received approximately 44,000 Criminal Offender Record Information (CORI) records and has denied approximately 1,079 applications and issued approximately 1,208 probationary licenses.

Unlike many other licensing boards that license individuals (sole owners) exclusively, CSLB also licenses partnerships, corporations, limited liability companies, and joint ventures. Since CSLB's licensing structure revolves around companies rather than individuals exclusively, the license personnel of record can range between one person and dozens or hundreds of people or entities. There is no limit for the number of personnel of record on a CSLB license, but the average is approximately three to five people per license.

Retroactive Fingerprinting of All Licensees

In 2009, legislation was introduced (SB 389, Negrete Mcleod) to require various licensing programs under the Department of Consumer Affairs to ensure that all licensees are fingerprinted to obtain criminal history background checks, as well as notices of any subsequent convictions. That bill would have required a number of

boards, including CSLB, to obtain fingerprints from those licensees who had not previously been fingerprinted. SB 389 met significant opposition from a number of contractor associations, and ultimately failed passage in the Assembly Public Safety Committee.

In 2011, during CSLB's last legislative sunset review, Senate Business, Professions and Economic Development Committee staff recommended that CSLB develop a plan and make recommendations to the Committee on an appropriate way to establish a fingerprint requirement for all existing licensees, so that CSLB would receive criminal record information and subsequent arrest information from the Department of Justice and Federal Bureau of Investigation. This recommendation was not included in the final bill that extended CSLB's sunset date (SB 543, Chapter 448, Statutes of 2011).

Policy Concerns with Implementation of Retroactive Fingerprinting

1. Industry Impact

This requirement would significantly impact CSLB's licensees. Fingerprinting likely would occur at the time of license renewal and could result in significant delays for many licensees. It is important to note that licensees who fail to renew their license(s) in a timely manner, for whatever reason, are not authorized to contract while the license is expired. A contractor who works despite the expired status of their license is subject to nonpayment for their services, based on the provisions of Business and Professions Code section 7031. Under this section of law, such a contractor essentially would be an unlicensed operator during the time period that his/her license reflected the expired status and the licensee could be subject to disciplinary action based on the unlicensed practice.

2. Public Protection

Retroactive fingerprinting does not guarantee public protection due to the unique nature of the construction industry, and because mechanisms already are in place.

- Contractors who enter homes or businesses are not necessarily the actual licensee but rather are employees who are not licensed or fingerprinted.
- Because CSLB's licensing program is so different from other boards, CSLB licensees will be fingerprinted more quickly than new applicants as they apply to modify their licenses, e.g., add a classification, replace a qualifier, etc.). In just seven years, nearly 40 percent already are fingerprinted.
- CSLB regularly is notified about contractors who are arrested and/or convicted through partnerships with local government agencies, as well as from other licensees.
- There is a level of confidence that a significant number of contractors who have not been fingerprinted have been practicing their trade for at least seven years (since CSLB applicant fingerprinting began in 2005) in a competent and honest manner, or they would have faced some disciplinary or criminal action.

3. Impacted Resources

CSLB does not support a retroactive requirement, particularly because CSLB is having difficulty meeting its existing requirements and responsibilities under the current environment, as well as the fact that such a requirement would have a significant impact on the industry. CSLB would caution against placing any additional burden on this industry when the economy is still in recovery mode.

4. Significant Costs

Expanding the existing requirement to provide for retroactive fingerprinting of all active licensees would impose a significant workload for CSLB, and CSLB would need additional resources to implement any new requirement. As mentioned previously, CSLB has worked with Senate Business, Professions and Economic Development Committee staff to develop a plan that would implement a requirement for retroactive fingerprinting of all licensees. Under that plan, CSLB would phase in the requirement over three renewal cycles to print the approximately 264,000 outstanding individuals.

If CSLB were to fingerprint all personnel not currently on record, phasing the requirement in over the next three renewal cycles, an additional 7.5 PYs (Staff Services Analysts) would be needed over the six-year period, with an associated cost of approximately \$4 million. Approximately \$3 million of that total is salary and OE&E; the remainder is reimbursable costs for out-of-state licensees' fingerprint reimbursement.

In addition, CSLB would expect additional programming costs, as well as potentially substantial additional workload for the subsequent arrest unit, which is not included in this estimate.

CSLB has lost more than 120 authorized positions over the last 10 years, having just lost 21.5 PYs in fiscal year 2012-2013. CSLB has not been able to implement laws that went into effect January 1, 2012, and it is unrealistic to consider any new mandates at this time.

CSLB also would like to note that it has not yet been able to fully implement the existing fingerprint requirement. Although CSLB submitted several budget change proposals, resources have not been authorized to track subsequent arrests and to investigate subsequent convictions of licensees. CSLB does not believe the fingerprint requirement should be expanded until resources are first authorized to fully track and investigate all subsequent arrests/convictions of licensees who have been fingerprinted.

8/14/2012

CONTINUING EDUCATION

Summary of Recommended Position

The Contractors State License Board (CSLB) opposes requiring licensees to complete a continuing education requirement as a condition of license renewal.

Background

Many professions, particularly in the health field, have imposed a continuing education (CE) or continuing competency (CC) requirement on licensees. This requirement is generally for a set number of hours of education as a condition of license renewal. CE can be in the form of distance education, online education, attendance at seminars or conferences, or other types of classes.

In the past several years, discussion has focused on the value of CC over CE. CE is generally seen as a way to require licensees to stay current with standards and practices. CC, on the other hand, is a way to measure or verify whether a licensee is still able to competently perform his or her functions. It is broader than CE and may include self-assessment and subsequent reassessment or reexamination of licensees. The discussion of CC has focused on the health fields, primarily nursing and physical therapy. Some professions have turned to CC because they believe there are significant limitations to solely using CE as a way of determining ongoing competency.

The need for both CE and CC is expressed as both public protection and professional development. It is important to note that California licenses for a minimum level of competency; it is not the role of a licensing board to advance a profession. Most CE programs have virtually no way to assess whether the licensee has learned anything through the required CE.

Some proponents of CE believe that failing to regulate the continuing competence of licensees undermines the value of licensing, and the consumer protection that it provides. Additionally, without a form of ongoing education, the licensing system relies too heavily on reactive discipline to ensure licensees are properly performing their duties.

Critics contend that there are other forums, such as private associations and certification, to differentiate more experienced and knowledgeable licensees from those who are less interested in remaining current on professional trends and practice. Also, any additional costs for a licensed profession translate into increased costs to consumers, possibly without a corresponding benefit. Finally, there are often no tools to measure whether or not CE is accomplishing its goal.

Issues to Consider Before Implementing CE

Any program considering, or being asked to consider, a CE requirement needs to first identify whether there is an existing problem, and, if so, whether or not mandatory CE would help solve that problem. Consideration also needs to be given to the fiscal

impact, to both the board and licensees, and whether any potential need justifies that cost.

Specific questions to consider:

1. Is there a clear problem adversely affecting consumers?
2. If so, is CE the best way to address that problem, versus information dissemination of trends/standards, enforcement, or licensing?
3. If so, is there a clear connection between the problem and the solution as proposed by CE? (E.g., if it is disabled access, does the CE address that problem?)
4. If so, does the board have the necessary staff and budget to make the CE effective, or will it need additional resources?
5. If so, is there a clear measurement tool to demonstrate that the CE solves the problem?
6. If so, is the solution worth the costs to licensees, consumers, the board, and the public?

Existing Law on CE Programs

Business and Professions Code section 166 requires the Director of the Department Consumer Affairs (DCA) to develop guidelines by regulation for any mandatory CE programs administered by an entity within DCA. Regulations have never been adopted, but the statute provides that mandatory CE programs administered by any board must address, at a minimum, the following standards:

1. Course validity
2. Occupational relevancy
3. Effective presentation
4. Material assimilation
5. Potential for application

Legislative History

In 2011, Governor Brown vetoed a bill (SB 671) that would have imposed a CE requirement on court reporters. In his veto message, the Governor stated:

This bill would make license renewal for court reporters contingent on continuing education. The whole idea of legally mandated "continuing education" is suspect in my mind. Professionals already are motivated to hone their skills or risk not getting business.

Requiring them to pay fees to "continuing education providers" is an unwarranted burden.

In relation to AB 2189 (Karnette, 2008) for court reporters, Governor Schwarzenegger vetoed this bill, stating:

The proposed continuing education requirements in this bill impose an additional burden on the regulated profession without justifying a compelling need.

DCA also opposed this bill, stating:

The need for the bill has not been adequately justified. DCA is not aware of any consumer harm that has resulted from unqualified CSRs (certified shorthand reporters). DCA further contends that continuing education requirements can have a significant financial impact on licensees, and that absent a compelling need, it seems unreasonable to place this additional burden on the regulated profession. Licensees already need to keep up to date on the latest technologies and laws in order to find employment in a very competitive marketplace.

From the Senate Business, Professions and Economic Development Committee analysis:

The arguments for the bill focus on informing CSRs about changes in laws and regulation, court procedures, and technological advances in the profession. However, the proponents should clearly document the harm that consumers encounter without a mandatory continuing education requirement for licensees.

A mandatory continuing education requirement would generate unspecified costs to licensees and generate corresponding revenues to continuing education providers, which typically are educational institutions and professional associations. The Board would also incur costs in establishing continuing education standards and tracking licensee compliance. In light of the low number of complaints by consumers and enforcement actions against licensees, what is the demonstrated need to mandate continuing education? The proponents should address the justification for, cost, and availability of such continuing education before going forward with a continuing education proposal.

It may be useful to draw a distinction between continuing education that is undertaken voluntarily by conscientious, motivated practitioners, versus continuing education that is undertaken involuntarily by unwilling or unmotivated practitioners. While continuing education seems intuitively to be highly beneficial to licensees and the consumer public, there is no empirical evidence that demonstrates a clear conjunction between a continuing education mandate and improved practitioner competence.

AB 2482 (Maze and Bass, Chapter 76, Statutes of 2008) required physician assistants to complete up to 50 hours of CE every renewal cycle.

SB 1608 (Corbett, Chapter 549, Statutes of 2008) enacted additional requirements to increase voluntary compliance with state and federal laws requiring access to persons

with disabilities in any place of public accommodation. Additionally, it required architects to complete CE on disability access requirements as a condition of license renewal.

AB 120 (Cohn, Chapter 540, Statutes of 2006) established CE or CC for physical therapists and physical therapy assistants.

According to the sponsor of the bill, the California Physical Therapy Association:

The primary purpose of mandatory continuing education is to provide consumers some assurance that the physical therapy services they receive from physical therapists and physical therapist assistants are based on the most recent knowledge and understanding available, through new and ongoing education that ensures the best evidence-based practices are being utilized. The sponsors believe that mandating continuing education will ultimately result in a high level of competence which will in turn translate into improved services for the citizens of California.

The Physical Therapy Board had requested authority to establish CE during its sunset review in 2001-2002 and 2005-2006. DCA opposed the request both times, as did the Joint Legislative Sunset Review Committee.

From the Senate Business, Professions and Economic Development Committee's analysis:

While government has struggled with the issue of what steps might be required to assure that licensed professionals maintain continued competency in their profession following initial licensure, generally where any action has been taken it has been to mandate continuing education. While on its face continuing education would seem to assure that practitioners are exposed to ongoing education related to their profession, the value of mandating continuing education has been questioned in the past. Professional associations often push for continuing education, but these associations also are often providers of continuing education, and therefore financially benefit from a continuing education requirement. Other issues regarding the efficacy of mandating continuing education include the relevance of the courses, assurance of actual attendance, and whether a practitioner will actually participate and learn if compelled (rather than by voluntarily doing so by choice).

Current Requirements

Many of the professions within DCA do have a CE requirement. The majority of these are in the health professions, but some non-health boards do as well, such as the Board of Accountancy and the Architects Board, as well as the Structural Pest Control Board, which is part of the Department of Pesticide Regulation. The professions that do have CE all have an educational component as part of the initial licensing requirement.

Fiscal and Economic Impact

CE imposes a cost on both licensees and the licensing board. The last few boards that have implemented, or have attempted to implement, CE (Physical Therapy, Court Reporters Board, Physician Assistants Committee) have indicated that they could implement the requirement within their existing budget. However, all of these programs are significantly smaller than CSLB, which would not be able to implement such a requirement within existing resources.

Depending upon how the requirement is structured, there could be a significant workload impact. CSLB has approximately 300,000 licensees. If all licensees were required to complete CE every two years as part of their renewal, there likely would be a requirement for staff to audit a certain percentage or a random sample of renewals to verify the requirement is being met. Given the size of CSLB's licensing population, this would require significant additional resources.

Such a requirement would impose a significant financial burden on licensees, as well. They would need to pay to attend the required courses, distance education, or other format, and would need to take time away from work to complete the requirement.

Conclusion

While many licensed professions in California have a CE or CC requirement, there is little information available about the effectiveness of such requirements. As noted in the Senate Business, Professions and Economic Development Committee analysis of AB 2189, "there is no empirical evidence that demonstrates a clear conjunction between a continuing education mandate and improved practitioner competence." Without an identified problem with the construction industry that CE would address, and due to the significant cost impact of such a requirement on licensees and the Board, CSLB cannot support a CE requirement.

8/14/2012

AGENDA ITEM F

Discussion and Possible Recommended Change of Policy Regarding Renewal Delinquency Fees



DELINQUENT RENEWAL FEES

Summary of Recommended Position

Contractors who file a renewal application **timely** with the applicable renewal fee should not be subject to a delinquency fee if the renewal application is subsequently rejected, provided corrections are received within 90 days.

Current Law

Business and Professions Code section 7140 provides that “all licenses issued under the provisions of this chapter shall expire two years from the last day of the month in which the license is issued, or two years from the date on which the renewed license last expired. To renew a license that has not expired, the licensee shall, before the time at which the license would otherwise expire, apply for renewal on a form prescribed by the Registrar and pay the renewal fee prescribed by this chapter. Renewal of an unexpired license shall continue the license in effect for the two-year period following the expiration date of the license, when it shall expire if it is not again renewed.”

California Code of Regulations (CCR) section 853 (c) states, “An incomplete renewal application shall be returned to the licensee by the Registrar with an explanation of the reasons for its rejection. If the renewal application is not returned before the expiration date of the license, the license shall expire as provided in Section 7140 of the code.”

Further, CCR section 853 (d) states, “An expired license shall not be renewed until any accrued delinquency fee has been paid.”

Background

Under current regulation (CCR 853 (c) and (d)), a licensee who submits his/her renewal application timely (on or before the expiration date, even by just one day) and pays the required fee but the application is later rejected for some reason (usually failing to have the required signature) and the licensee is unable to return the corrected renewal form prior to the expiration date, he/she is now required to pay the delinquency fee (currently \$160) when resubmitting the rejected renewal application.

Although the Contractors State License Board (CSLB) sends renewal applications to its licensees well in advance of the expiration date (60 days), for a variety of reasons licensees may wait until the last minute to return the application. If a renewal application is received on or even a few days before the expiration date and the application must be returned for some reason, there is literally no time for the licensee to return the corrected application prior to the expiration date; thereby, requiring a delinquency fee to be paid.

Other agencies, such as the Department of Motor Vehicles, allow a licensee to pay fees timely and if the application must be rejected, the licensee is sent a notification of

incomplete renewal. Although the license is not renewed until the completed renewal application is returned to that agency, delinquency fees do not accrue if the renewal form and fees were initially submitted before the expiration date of the license. This is also the practice among some Department of Consumer Affairs boards, like the Board of Optometry.

Contractors have an incentive to file an acceptable renewal in a timely manner because a licensee practicing with an expired license may be subject to disgorgement of funds for failing to maintain a current license during all times that work is being contracted for or performed. This recommendation would not remove this incentive because even though the delinquency fee would not be applied to renewal applications that were initially filed timely, if the application is rejected, the license would not be renewed until the date an acceptable application is received and processed by CSLB.

Recommendation

The Board should amend CCR Section 853 to provide that contractors who file their renewal application and pay the required renewal fee timely should not later be subject to the delinquency fee if the renewal application is subsequently rejected and the required corrections are received by CSLB within 90 days of the original expiration date. However, during the time period in which an **acceptable** renewal application has not been received and processed by CSLB, the license shall not be renewed and the status shall show as expired. Once an acceptable application is received by CSLB, the license shall be renewed effective the date the **acceptable** application was received by CSLB.

8/14/2012

AGENDA ITEM G

Update on Strategic Plan Objectives



AGENDA ITEM H

Adjournment

