

APRIL 24, 2014
SAN DIEGO, CALIFORNIA



CONTRACTORS STATE LICENSE BOARD

Board Meeting





CONTRACTORS STATE LICENSE BOARD

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800-321-CSLB (2752)
www.cslb.ca.gov • CheckTheLicenseFirst.com

STATE OF CALIFORNIA

Governor Edmund G. Brown Jr.

*****AMENDED NOTICE OF BOARD MEETING*****

[NOTE: The Board will be meeting on only Thursday April 24th and this Agenda is amended accordingly to reflect the one-day meeting]

The Contractors State License Board (CSLB) will hold a Board Meeting on **Thursday, April 24, 2014, from 8:00 a.m. to 6:00 p.m.** in the Catalina/Silvergata Room at the Holiday Inn, 4875 North Harbor Drive, San Diego, CA 92106, (800) 650-6660.

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 canceled 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 accessible to the physically disabled. To request a disability-related accommodation or modification in order to participate in the meeting, contact Erin Echard at (916) 255-4000 or send a written request to the CSLB Executive Office, 9821 Business Park Drive, Sacramento, CA 95827. Submitting your request at least five (5) business days prior to the meeting will help ensure availability of the requested accommodation.

AGENDA

*****April 24, 2014*****

8:00 a.m. – 6:00 p.m.

- A. Call to Order – Establishment of Quorum
- B. Chair's Remarks and Board Member Comments
- C. Public Comment Session
- D. Review and Approval of February 19, 2014, Board Meeting Minutes
- E. Update on Board Activities
- F. Legislation
 1. Review and Approval of April 16, 2014, Legislative Committee Summary Report
 2. Review and Approval of Committee's Recommended Position for AB 1702, AB 2165, AB 2396, SB 1467
 3. Review and Approval of Recommended Position on AB 1918

G. Licensing

1. Review and take action on the regulatory proposal to adopt Class C-22 – Asbestos Abatement Contractor (California Code of Regulations [CCR] Section 832.22) and Asbestos Classification and Certification Limitations and Examination Requirement (CCR Section 833)

H. Enforcement

1. Review and Approval of April 1, 2014, Enforcement Committee Summary Report
2. Discussion Regarding Predatory Service and Repair Contractors
3. Review and Approval of Peace Officer Special Investigations Unit
4. Review and Approval of Peace Officer Training Curriculum
5. Review and Approval of a Waiver Application Task Force
6. Review of Little Hoover Commission Hearing Written Testimony
7. Review of 2013 Consumer Satisfaction Survey

I. ****Discussion and Preparation of the Board's 2014-15 Strategic Plan***

J. Adjournment

AGENDA ITEM A

Call to Order Establishment of Quorum

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

KEVIN J. ALBANESE

ED LANG

AGUSTIN BELTRAN

JOHN O'ROURKE

LINDA CLIFFORD

BRUCE RUST

DAVID DIAS

FRANK SCHETTER

JOAN HANCOCK

PAUL SCHIFINO

PASTOR HERRERA JR.

NANCY SPRINGER

ROBERT LAMB



AGENDA ITEM B

Chair's Remarks and Board Member Comments

Board Chair Joan Hancock will review the scheduled Board actions and make appropriate announcements.

Board members may comment on issues not on the agenda; they may not debate or vote on issues not included on the agenda notice.



AGENDA ITEM C

Public Comment Session

Members of the public may address the Board at this time on matters that are not on the agenda. However, because such matters are not on the agenda, the Board may not take action at this meeting. The Board Chair will allow public comment during other agenda items at his/her discretion.

BOARD AND COMMITTEE MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board shall 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 or criminal administrative 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 instructed 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, the Board will address the matter as follows:
 - (a) Where the allegation involves errors of procedure or protocol, 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.
 - (b) Where the allegation involves significant staff misconduct, the Board may designate one of its members to review the allegation and to report back to the Board.
- (3) The Board may deny a person the right to address the Board and have the person removed if such person becomes disruptive at the Board meeting.



AGENDA ITEM D

Review and Approval of February 19, 2014, Board Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

Wednesday, February 19, 2014

A. CALL TO ORDER

Board Chair Joan Hancock called the meeting of the Contractors State License Board (CSLB) to order at 9:00 a.m. on Wednesday, February 19, 2014, in the Sandpebble A, B, C Room at the Hyatt Regency, located at 13111 Sycamore Drive, Norwalk, CA 90650. A quorum was established.

Board Member David Dias led the Board in the Pledge of Allegiance.

Board Members Present

Joan Hancock, Chair

David Dias, Vice Chair

Ed Lang, Secretary

Pastor Herrera Jr.

Kevin J. Albanese

Robert J. Lamb II

John O'Rourke

Agustin Beltran

Frank Schetter

Bruce Rust

Paul Schifino

Linda Clifford

Nancy Springer

CSLB Staff Present

Stephen P. Sands, Registrar

Cindi Christenson, Chief Deputy Registrar

Karen Robinson, Licensing Chief

Laura Zuniga, Legislative Chief

Kurt Heppler, DCA Legal Counsel

David Fogt, Enforcement Chief

Rick Lopes, Public Affairs Chief

Erin Echard, Executive Staff

Tom O'Hair, Public Affairs Staff

Public Visitors

Mike Abdulaziz

Rick Pires

Joe Upchurch

Gal Bigaleizn

Jose Mejia

Emily Cohen

Madison Hull

Phil Vermeulen

Tony Forchette

Angelika Austin

Ayllor Giladd

Sue Gathman

Richard Markuson

B. CHAIR'S REMARKS AND BOARD MEMBER COMMENTS

Board Chair Joan Hancock opened the meeting by introducing new Board Member Agustin "Augie" Beltran. Augie has worked as a carpenter and in various facets of the construction industry for the last 25 years and is happy to be appointed as CSLB Board Member. Ms. Hancock also thanked former Board Member Matt Kelly for his service and presented him with a Senate Resolution from Senator Darrell Steinberg. Matt will be missed. Ms. Hancock also shared a certificate of appreciation that Assembly Member



Mariko Yamada presented at the 300th Senior Scam StopperSM seminar, held in Woodland in January. Also recognized were three CSLB employees: Nicole Ricks, Leanne Young, and Nyssa Smith, for their work in the GreenWorksUS investigation.

C. PUBLIC COMMENT SESSION

Former Board Member Matt Kelly thanked the Board for the opportunity to serve during the last 10 years.

D. REVIEW AND APPROVAL OF THE DECEMBER 10, 2013, BOARD MEETING MINUTES

Motion to Approve the December 10, 2013, Board Meeting Minutes

MOTION: A motion was made by Board Member David Dias and seconded by Board Member Bob Lamb to Approve the December 10, 2013, Board Meeting Minutes. The motion carried unanimously, 13-0.

E. ENFORCEMENT COMMITTEE REPORT

Enforcement Committee Chair Ed Lang informed the Board that new investigators are being hired in remote geographical locations and the Budget Change Proposal to expand the Subsequent Arrest Unit has been approved. Those vacancies will be filled as soon as possible.

1. Enforcement Program Update

Enforcement Chief David Fogt advised the Board that the Building Permit Enforcement program has become priority. Chief Fogt also detailed activity in the Intake and Mediation Centers, Investigative Centers, Case Management, and SWIFT, and gave an update on training and general complaint-handling. Chief Fogt also gave an overview of the PG&E partnership status and the HVAC Inspection Program.

2. Possible Update on Electrician Certification Policy

Registrar Steve Sands informed the Board that the Department of Industrial Relations is reviewing enforcement policies regarding the law that requires certification of electrical workers.

F. PUBLIC AFFAIRS COMMITTEE REPORT

Public Affairs Committee Chair Pastor Herrera Jr. informed the Board that the CSLB website redesign is on track to be available in the spring. Mr. Herrera also encouraged everyone to check out the CSLB Most Wanted List, located on the website.

1. Public Affairs Program Update

Public Affairs Chief Rick Lopes presented community outreach, publication, and Internet highlights, and noted the continued steady growth in social media followers on Facebook, Twitter, and YouTube. Public Affairs staff has been



working hard to distribute materials and information to the public regarding the drought and landscaping scams. Mr. Lopes also informed the Board that new video equipment already has helped expand the division's ability to communicate with broadcast media outside Sacramento and California, at a significantly reduced cost. Public Affairs staff is now able to videotape media interviews and upload the video to TV stations over the Internet. Plans are underway to expand these resources for other outreach opportunities, including training and employee relations.

G. LEGISLATIVE COMMITTEE REPORT

Legislative Committee Chair Paul Schifino informed the Board that CSLB currently is working on the Sunset Report, which is due in November. CSLB will have its Sunset Review in 2015. He also noted that a 2014 Legislative Calendar has been included in the packet for informational purposes.

1. Legislative Program Update

Legislative Chief Laura Zuniga gave a brief update regarding Legislative proposals voted on during the December 10, 2013 Board Meeting. The language for the Legislative Proposal related to Business and Professions Code (BPC) section 7011.4 has been revised by DCA. The Legislative Proposal related to BPC § 7027.2 regarding advertisements issued by contractors that are not licensed has been revised. The Legislative Proposal related to BPC § 7110.5 would allow CSLB flexibility in pursuing disciplinary action as a result of a referral from the Labor Commissioner. The Legislative Proposal related to BPC § 7017 is being put on hold until next year in order to allow for more time to identify potential solutions. The Legislative Proposal related to BPC § 7028 will be introduced as a new bill in order to clarify that an individual contracting with a suspended license is subject to the same disciplinary action as an individual contracting without a license.

2. Review and Approval of Recommended Staff Position to Add Photographs to Pocket Cards and Home Improvement Salesperson Registrations

CSLB staff does not support the recommendation to add photos to license pocket cards and home improvement salesperson registration cards at this time.

Motion to Approve the Recommended Staff Position to Add Photographs to Pocket Card and Home Improvement Salesperson Registration

MOTION: The Board agreed with staff's determination and a motion was made by Board Member Kevin J. Albanese and seconded by Board Member Agustin Beltran to oppose the recommendation to add photographs to license pocket cards and home improvement salesperson registration cards. The motion carried unanimously, 13-0.



H. LICENSING COMMITTEE REPORT

Licensing Committee Chair Frank Schetter stated that the Licensing Committee has not met since the last Board meeting and turned the remainder of the report over to Licensing Chief Karen Robinson.

1. Licensing Program Update

Licensing Chief Karen Robinson reported on the licensing application workload and processing times, as well as progress in the LLC, Workers' Compensation, Criminal Background, and Judgment Units and the Licensing Information Center (LIC). She also noted that the LIC Manager position is now vacant.

2. Testing Program Update

Ms. Robinson provided updates on the Examination Administration Unit, eight testing centers, testing wait times and the ongoing Customer Satisfaction Survey. The Testing Chief position has been filled by Wendi Balvanz.

I. EXECUTIVE COMMITTEE REPORT

Executive Committee Chair Joan Hancock asked Chief Deputy Registrar Cindi Christenson to present the Executive Committee Report.

1. Administration Update

Ms. Christenson provided updates on the Personnel and Business Services Units. There are 40 staff vacancies.

2. Information Technology Update

Ms. Christenson told the Board that CSLB is part of Phase 3 of the BreEZe project, which is now estimated to go live by the end of 2015. CSLB now has a redundant data back-up system in Fresno. IT staff is working on the disclosure of partnering agencies disciplinary action project for CSLB's website.

3. Budget Update

Ms. Christenson provided updates on the Fiscal Year Budget and Expenditures line items, which are currently at 49 percent. She noted that there was a 1.6 percent drop in revenue, mainly due to an increase in renewal delinquencies.

4. Review and Approval of the 2014 Board Member Administrative Manual

A few minor technical errors have been corrected in this document.

Motion to Approve the 2014 Board Member Administrative Manual

MOTION: A motion was made by Board Member Linda Clifford and seconded by Board Member Ed Lang to Approve the 2014 Board Member Administrative Manual. The motion carried unanimously, 13-0.



5. Review of the 2013 Accomplishments and Activities Report

Ms. Christenson reviewed the annual publication, which is in final duplication. Board Member Linda Clifford commended the Board and staff for all the hard work they have successfully accomplished.

6. Review of 2013-2014 Strategic Plan Objectives

Ms. Christenson provided the status of the current Board objectives.

7. Review of 2014-2015 Strategic Planning Process

Ms. Christenson provided an overview of the April Strategic Planning Meeting in San Diego.

J. REVIEW OF TENTATIVE SCHEDULE

Ms. Christenson informed the Board that the next meeting and Strategic Planning Session will take place in San Diego on April 23 and 24, 2014.

K. ADJOURNMENT

Board Chair Joan Hancock adjourned the Board meeting at 11:16 a.m.

Joan Hancock, Chair

Date

Stephen P. Sands, Registrar

Date

AGENDA ITEM E

Update on Board Activities





CONTRACTORS STATE LICENSE BOARD

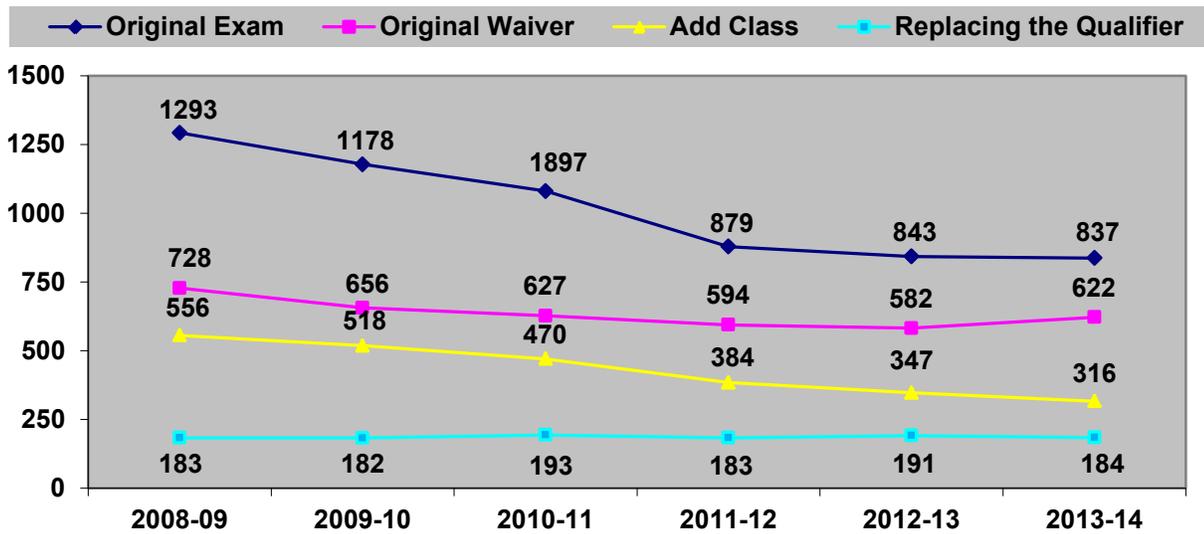
LICENSING PROGRAM UPDATE

LICENSE APPLICATION WORKLOAD

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

The number of applications CSLB received in FY 2012-13 continued to decline due to the economic recession and housing downturn. The average number of original applications received per month in FY 2012-13 was down 4 percent from the average for FY 2011-12.

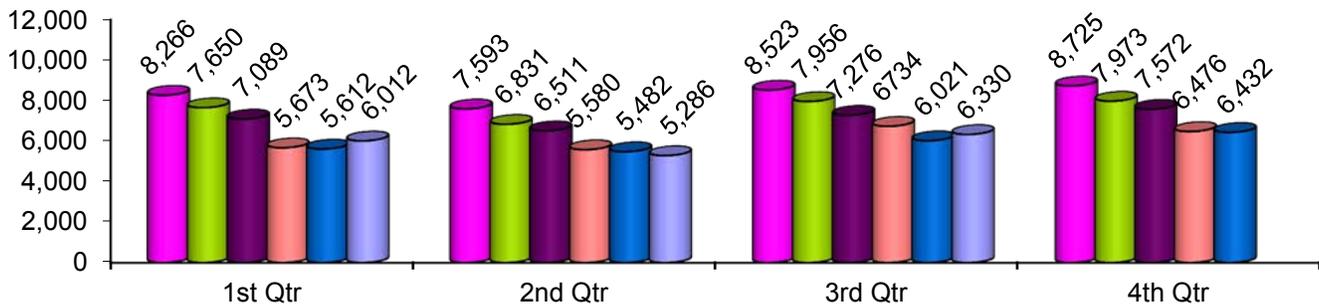
Average Number Of Applications Received Per Month



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)**

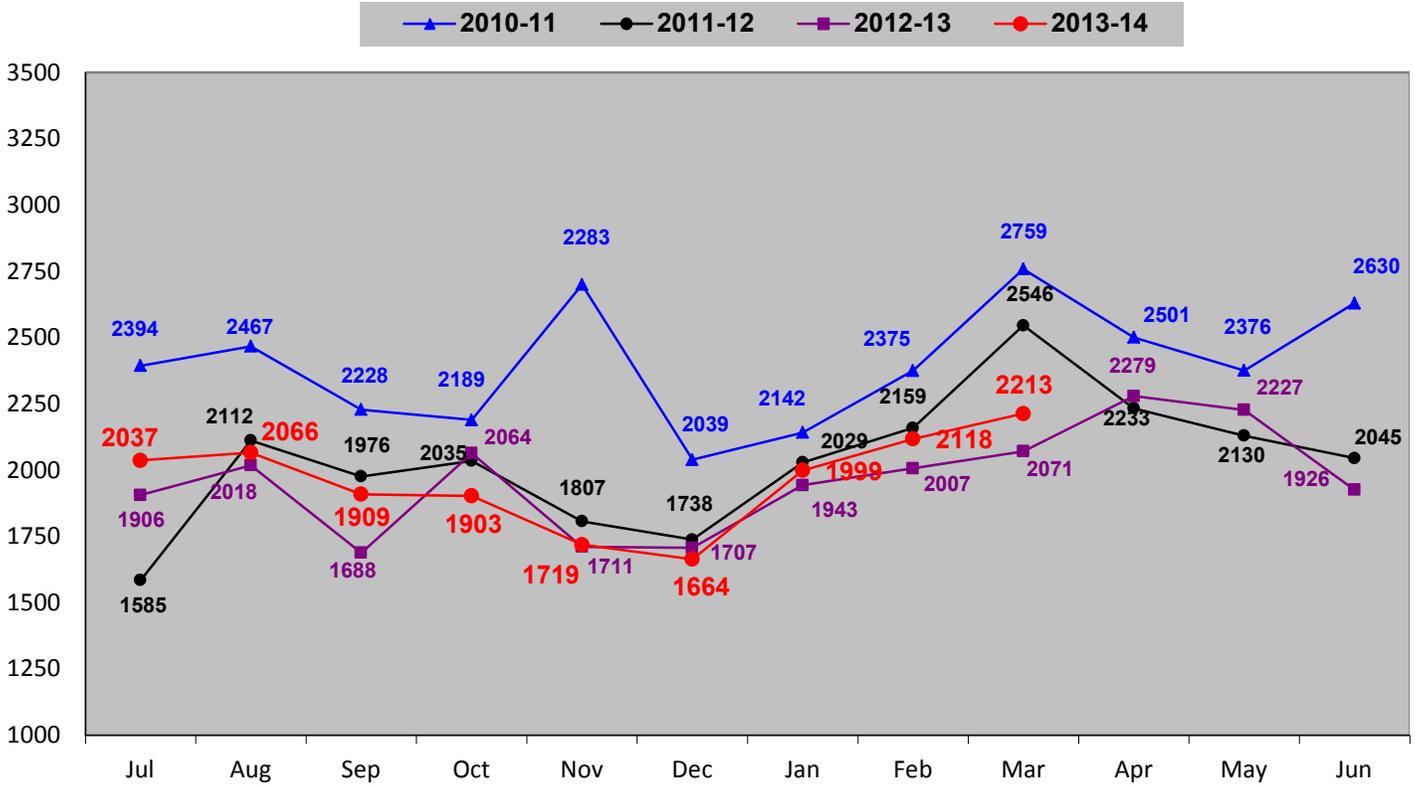
■ FY 2008-09 ■ FY 2009-10 ■ FY 2010-11 ■ FY 2011-12 ■ FY 2012-13 ■ FY 2013-14



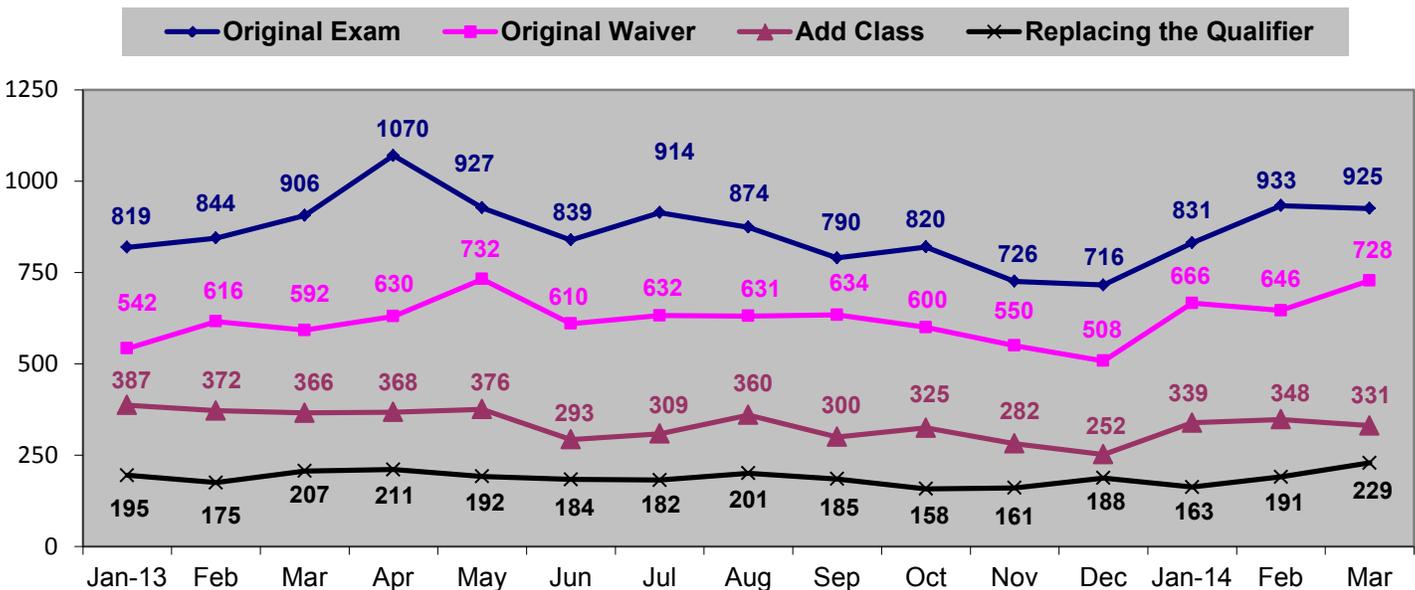
Decrease of 4% for total applications received for 2012-13 as compared with 2011-12



**Total Number Of Applications Received Per Month
(Original Exam, Original Waiver, Add Class, Replacing The Qualifier)**



Number Of Applications Received





LIMITED LIABILITY COMPANIES (LLCs)

Effective January 1, 2012, a new law (SB 392) authorized CSLB to issue licenses to LLCs.

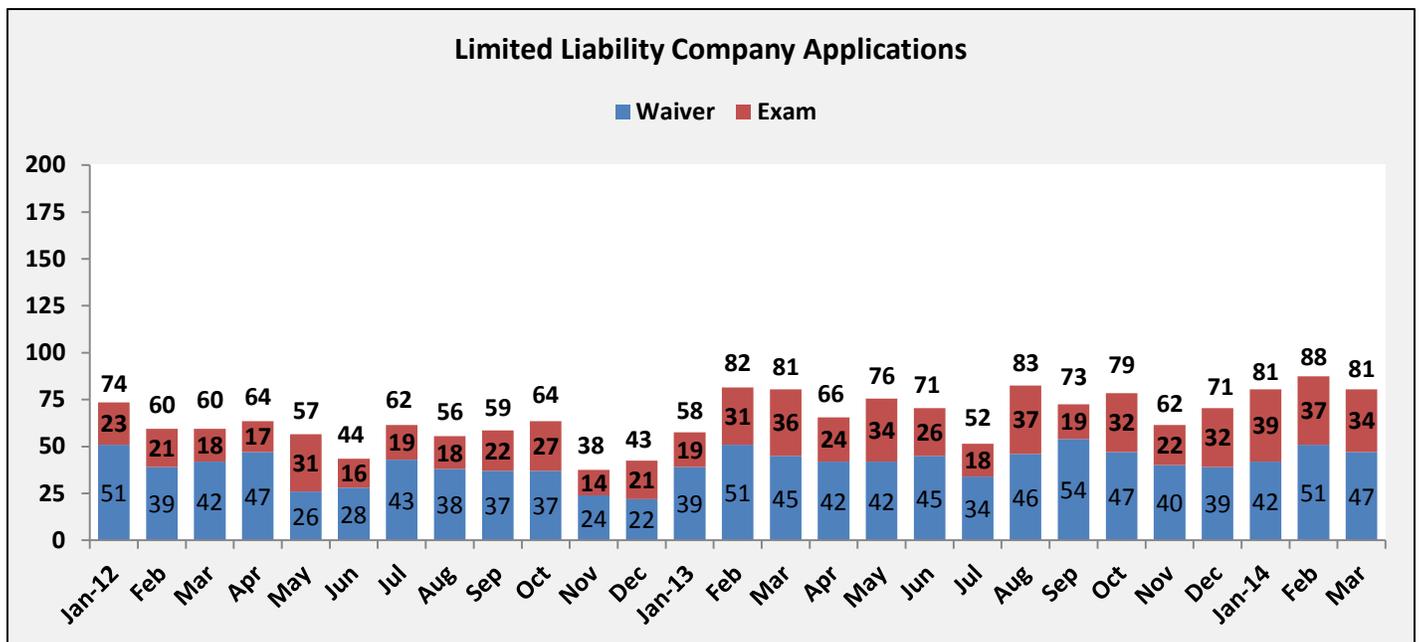
The legislation noted that contractors have been allowed to operate as corporations, and to be designated as “S” or “C” corporations for many years, with well-established case law regarding the ability to “pierce the corporate veil.” It was the intent of the Legislature to also apply this doctrine to 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 ensures 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 are 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 are required to have at least \$1 million in liability insurance when five or fewer persons are listed as personnel, with an additional \$100,000 required for each additional personnel member, not required to exceed \$5 million.

The chart below illustrates the number of LLC applications received per month beginning in January 2012.





LLC Application (Waivers & Exams Combined) Quarterly Processing Data

Received	194	165	172	132	663	223	204	208	212	847	250
Rejected	113	99	129	86	427	134	133	134	126	527	112
Issued	5	10	7	5	27	16	8	9	2	35	15
Processed	70	53	33	38	194	72	56	57	79	264	56
Void or Withdrawn	6	3	3	3	15	1	7	8	5	21	5
Not Yet Processed	0	0	0	0	0	0	0	0	0	0	62
	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.	Yr. End Total	1 st Qtr.	2 nd Qtr.	3 rd Qtr.	4 th Qtr.	Yr. End Total	1 st Qtr.
Year	2012					2013					2014

The Most Common Reasons for Rejection:

1. Personnel listed on application needs to match the personnel listed in SOS records
2. LLC/SOS registration number and/or business name is missing or incorrect
3. Personnel information needs clarification or is missing DOB, middle name, title, etc.
4. Questions section (page 2 of application, #10-14) is missing or incomplete

Of the 1,760 LLC applications received through March 31, 2013, 542 limited liability company contractor licenses have been issued. The most common reason for rejection continues to be staff's inability to match the name(s), title(s), and total count of LLC personnel on the application with the Statement of Information (SOI) provided in the records of the Office of Secretary of State. The SOI information is required for processing the LLC application; it provides staff with the total number and names of LLC personnel, which is crucial in determining the appropriate amount for the LLC liability insurance requirement (between \$1 million and \$5 million).

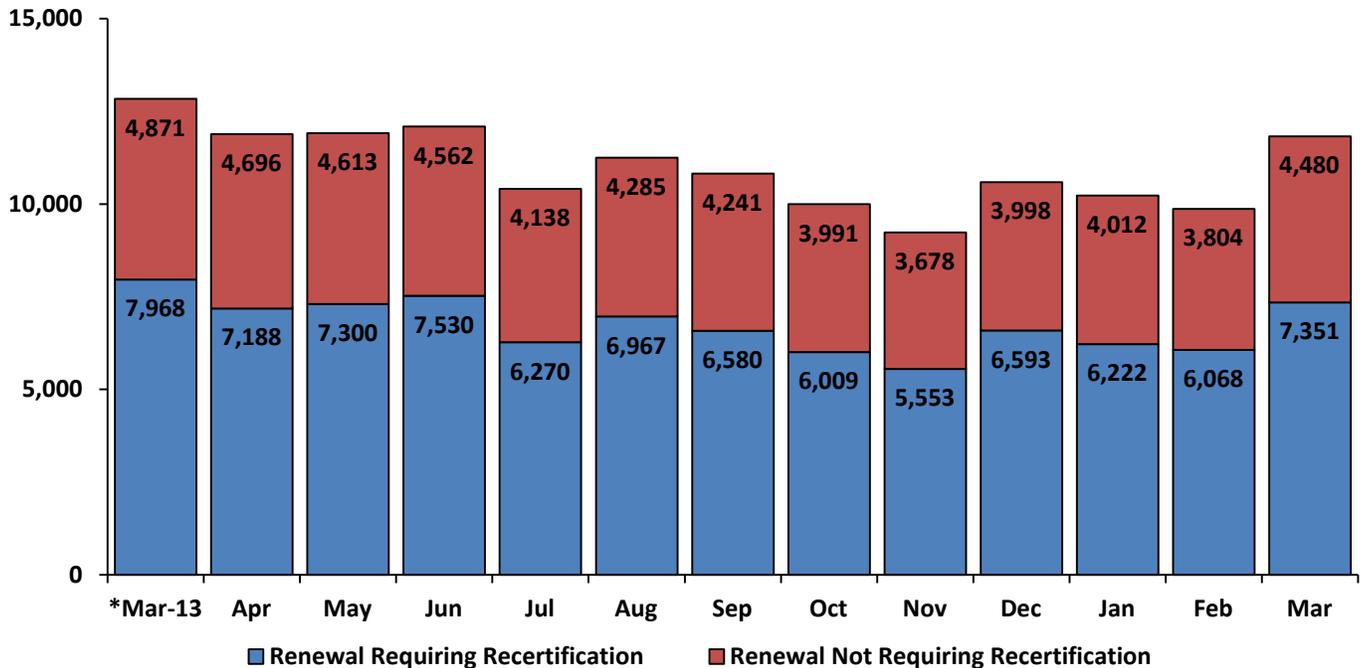


WORKERS' COMPENSATION RE-CERTIFICATION

Business & Professions Code (BCP) § 7125.5 (Assembly Bill 397) took effect on January 1, 2012. This new law requires, at the time of renewal, that an active contractor with an exemption for workers' compensation insurance on file with CSLB to either recertify the exemption or provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. If the licensee fails to recertify his or her exempt status or provide a workers' compensation policy at the time of renewal, the law allows for the retroactive renewal of the license if the licensee provides the required documentation within 30 days after notification by CSLB of the renewal rejection.

Licensing implemented the requirements of the new law in January 2013, effective for licenses expiring March 31, 2013. The following chart illustrates the number of renewal applications mailed each month that will require recertification of the exemption or a current, valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance to renew the license.

Renewal Applications Mailed Per Month

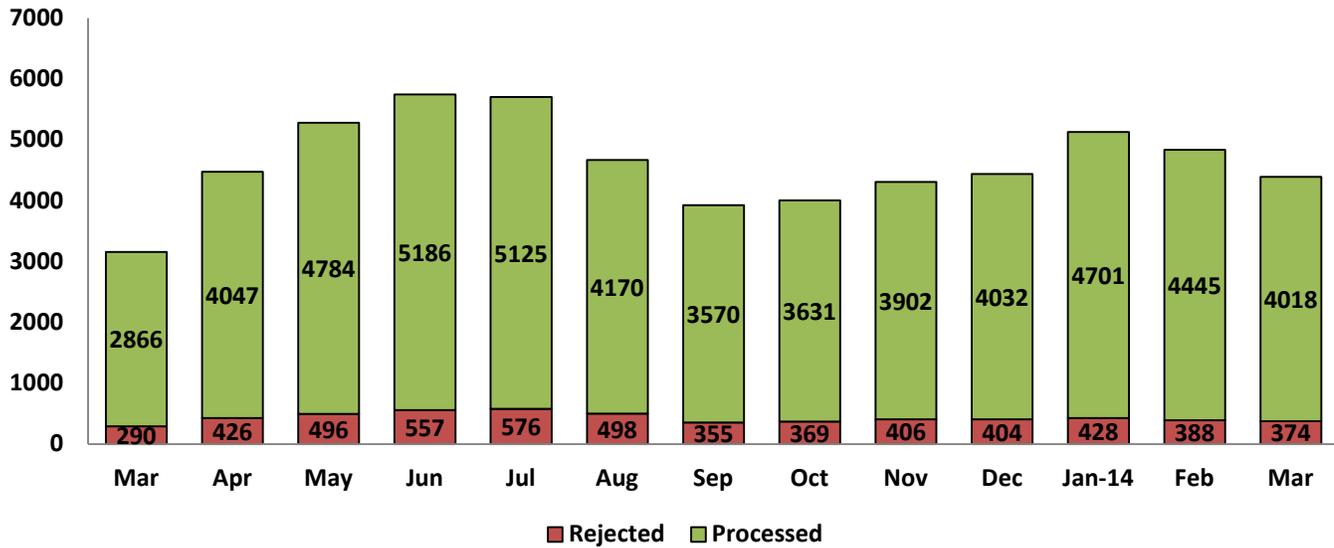


*Represents month of mailing, not month of license expiration



The chart below provides a snapshot of the number of renewal applications processed each month that required re-certification, beginning with licenses that expired on March 31, 2013.

**BPC Section 7125.5 Renewal of License
Re-certification of Exemption for Workers' Compensation Insurance**

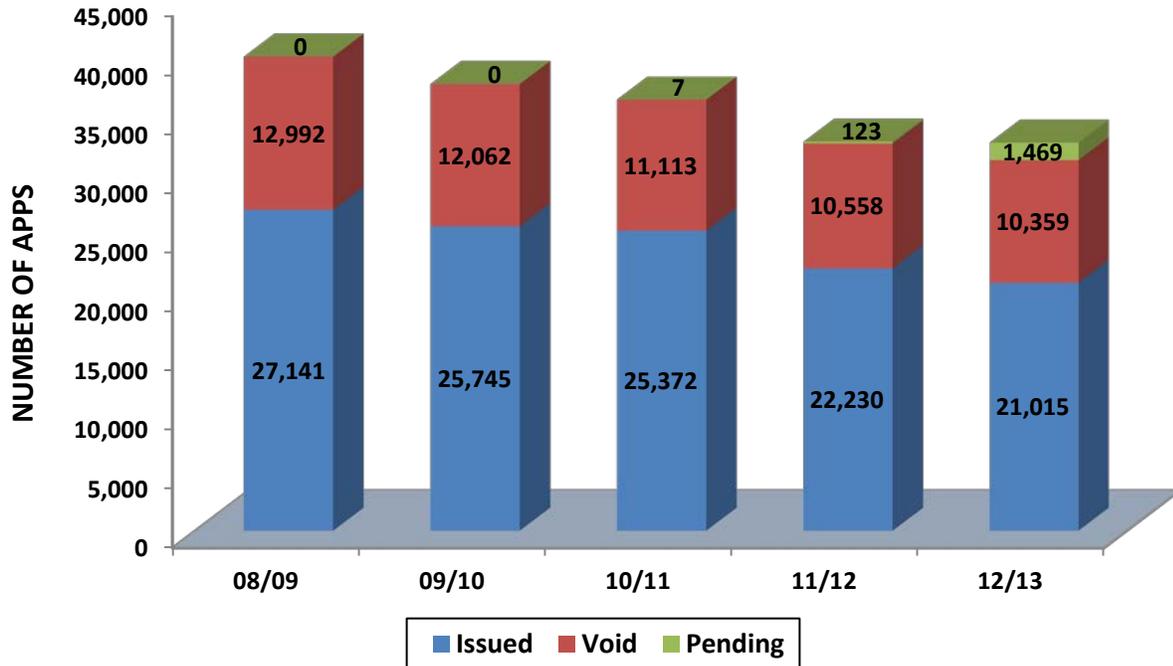


Statistics obtained from L742-Renewal Notice Summary; effective 8-1-2013, L743-Renewal Statistics Report



**Disposition of Applications by Fiscal Year
Teale Report S724: Run Date 04-01-2014**

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



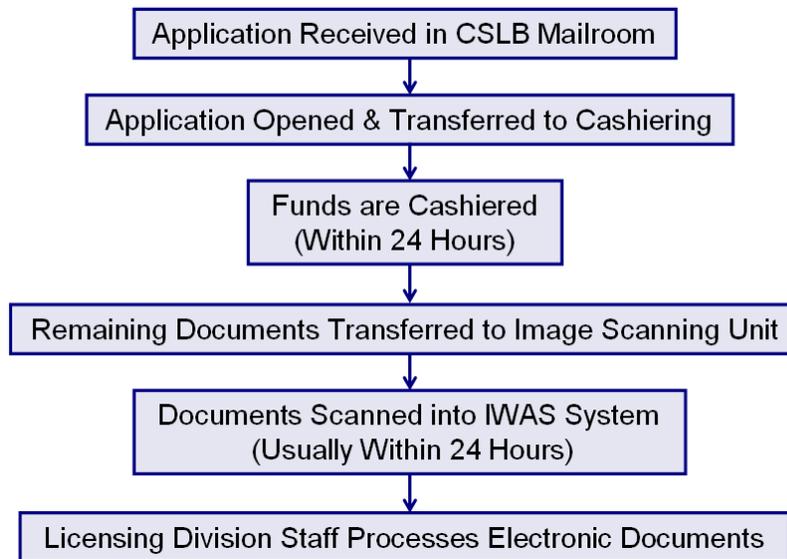
CSLB management continues to monitor processing times for the various units on a weekly and monthly basis. The charts on pages 16-19 track the “weeks to process” for the various application and license maintenance/transaction units.

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 arrives at CSLB 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, Licensing has used 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, Licensing has maintained acceptable processing times. This can be attributed to the decrease in applications illustrated 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 applicants who have minor, clearable convictions, provided the applicant was honest in disclosing this on the CSLB application. Applicants who do not disclose what would have been considered minor, clearable convictions may be given the opportunity to withdraw the false application and submit a new one that accurately discloses their conviction(s), and includes appropriate fees. These withdrawal offers also are processed as part of the triage.

Since the fingerprint program began, CSLB has received nearly 294,000 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 52,000 applicants. That means 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 March 31, 2014, CBU denied 1,190 applications and issued 1,462 probationary licenses. Of the denied licenses, 602 applicants appealed their denials.

CBU has seen a reduction in the number of fingerprint submissions as a result of the decline in applications, and those adding classifications when a background check already has been conducted.

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	13-14	TOTALS
DOJ Records Received	9,524	58,007	46,735	39,361	35,220	27,330	24,730	18,805	18,270	14,392	293,971
CORI RAPP Received	949	8,410	8,057	6,484	6,253	5,254	5,201	3,997	3,663	2,627	52,192
Denials	224	219	237	88	76	63	108	70	67	30	1,190
Appeals	71	113	130	45	47	29	62	39	36	21	602
Probationary Licenses Issued	0	0	126	290	206	203	243	146	71	60	1,462

**LICENSING INFORMATION CENTER (LIC)****LIC Workload**

LIC (call center) staff has continued to exceed Board goals. During the first quarter of the 2014 calendar year, call center agents answered 42,051 calls. Call wait times averaged 2:12 minutes with 97 percent of all incoming calls answered. The average length of each call was 4:17 minutes.

The improved statistics can be attributed to staffing levels and training. Employees hired in 2013 continue to benefit from comprehensive training and are becoming more seasoned each day.

Staffing Update

Effective April 1, 2014, LIC hired a new SSMI with 14 years of CSLB experience who will be a great asset to the call center.

LIC recently hired a Program Technician II to fill the only current vacancy; the new agent is due to start work on April 25, 2014.

The call center has retained two part-time retired annuitants who work during peak call hours (10 a.m.-2 p.m.). Both retired annuitants previously have worked in CSLB's call center and are trained in CSLB laws and policies.

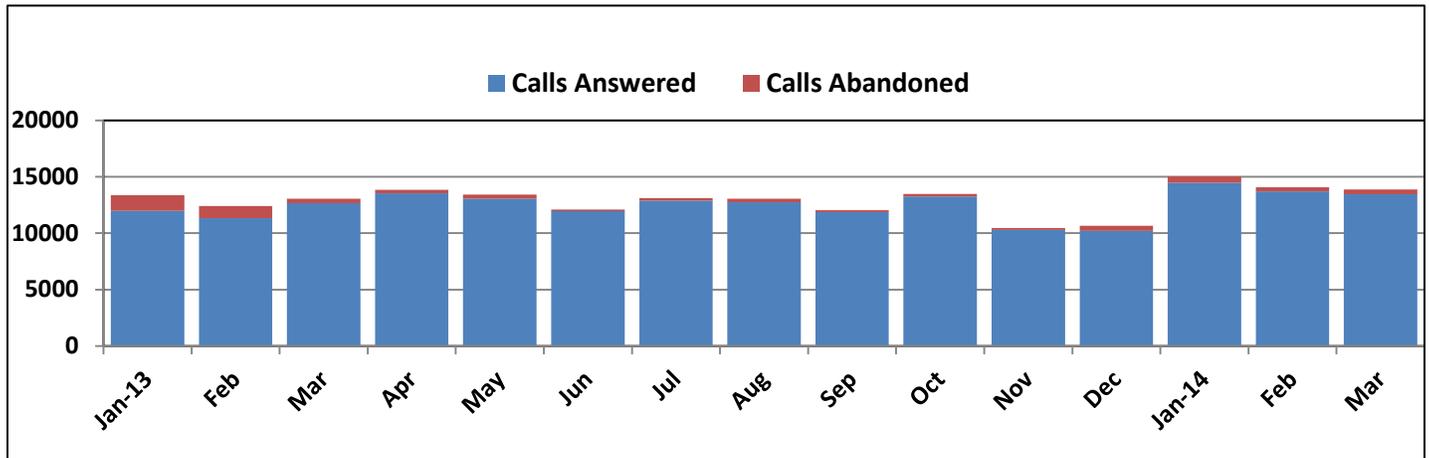
Increased Training

LIC continues to strive to provide timely, efficient, and professional services to its customers. New employees have spent a significant amount of time getting one-on-one training with seasoned staff and supervisors. LIC also plans to schedule bi-monthly classification training with the CSLB Classification Deputy as well as cross-training with other licensing units. LIC held a successful Board orientation for 35 new employees from January 7-9, 2014. The next orientation will be webcast on the CSLB intranet for staff in Southern California offices.



LICENSING INFORMATION CENTER CALL DATA

	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Calls Received	13,079	13,839	13,441	12,096	13,104	13,070	12,057	13,480	10,466	10,652	14,484	13,699	13,868
Calls Answered	12,652	13,525	13,053	11,971	12,881	12,735	11,876	13,264	10,304	10,204	13,919	13,325	13,456
Calls Abandoned	421	314	387	124	221	330	180	216	162	445	564	373	412
Longest Wait Time	10:17	5:30	8:23	0:48	4:07	3:51	2:14	4:37	2:30	10:04	10:46	4:46	4:39
Shortest Wait Time	0:14	0:15	0:13	0:11	0:16	0:14	0:13	0:17	0:18	0:11	0:27	0:26	0:17
Average Wait Time	2:07	1:34	3:58	3:52	1:02	1:35	0:59	0:57	1:06	2:34	2:37	1:50	2:10



**JUDGEMENT 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:

- Bond 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 time frame for complying, which is 90 days for judgments and payment of claims, and 60 days for outstanding liabilities.

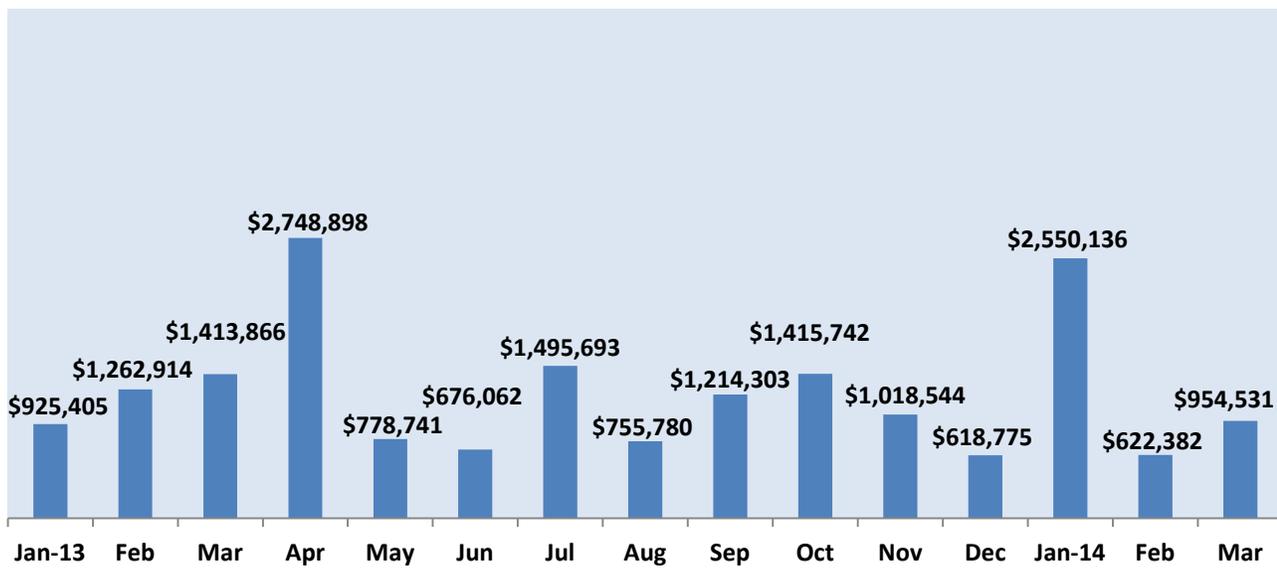
If compliance is not obtained within the allowed time frame, the license is suspended and a suspend letter is sent to the contractor. A reinstatement letter is sent upon compliance.



Outstanding Liabilities

Letter Type Sent	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2014	Feb	Mar
Initial	62	47	70	58	80	51	34	41	67	39	75	80	42
Suspend	40	50	53	37	65	54	68	44	20	40	64	30	40
Reinstate	85	53	36	28	27	35	45	37	28	29	47	29	40

Savings to the Public

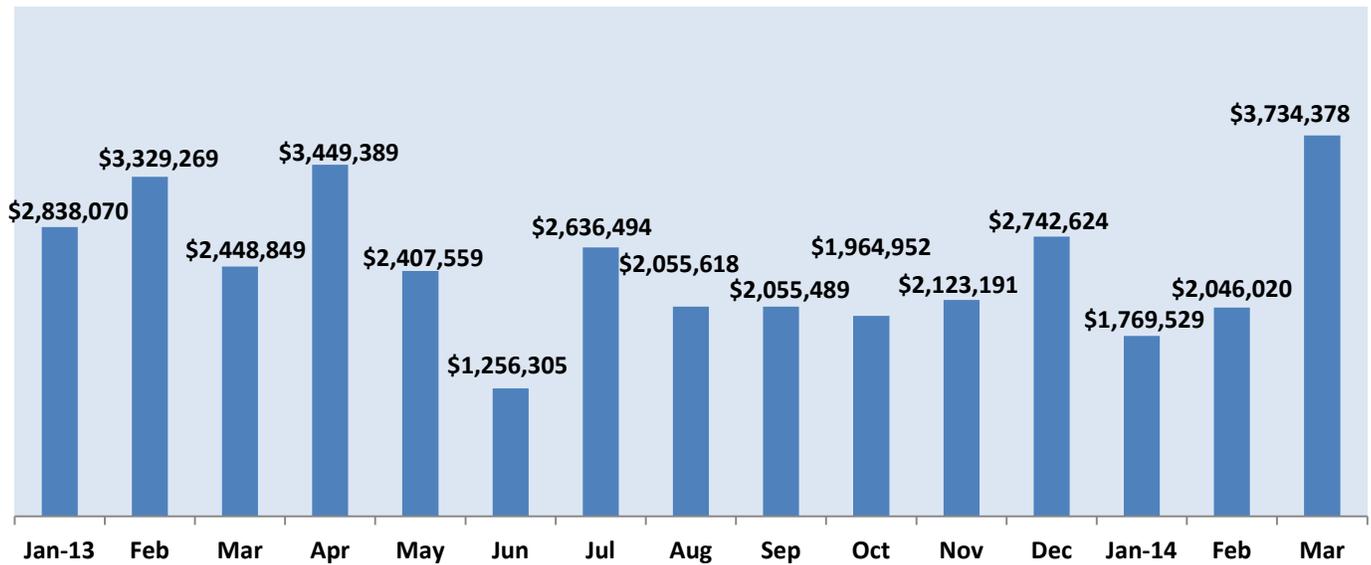




Judgments

Letter Type Sent	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2014	Feb	Mar
Initial	136	135	158	138	143	147	146	160	131	128	159	149	199
Suspend	62	68	67	50	69	57	53	51	47	57	48	56	52
Reinstate	120	129	129	109	120	130	132	138	108	122	108	115	137

Savings to the Public

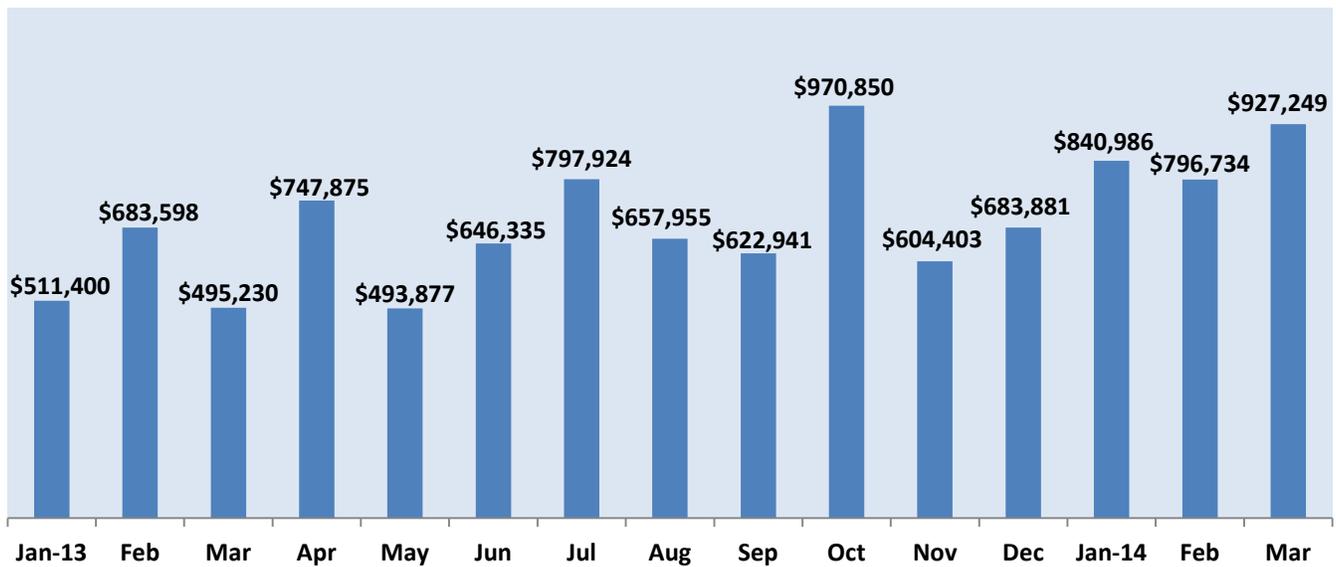




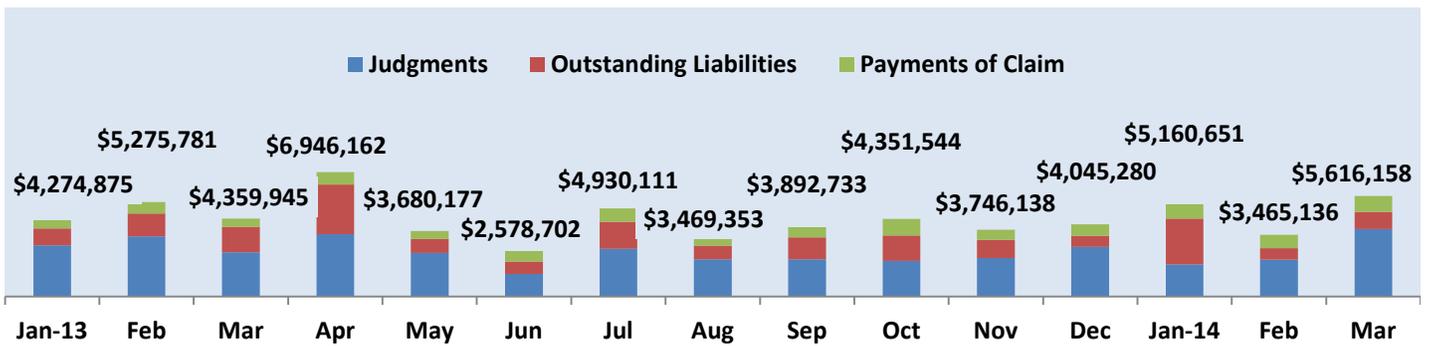
Bond Payment of Claims

Letter Type Sent	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2014	Feb	Mar
Initial	77	252	56	178	160	142	102	315	184	139	157	122	201
Suspend	123	44	66	25	180	88	89	68	68	51	173	106	41
Reinstate	105	132	93	107	133	124	111	154	118	128	154	135	144

Savings to the Public



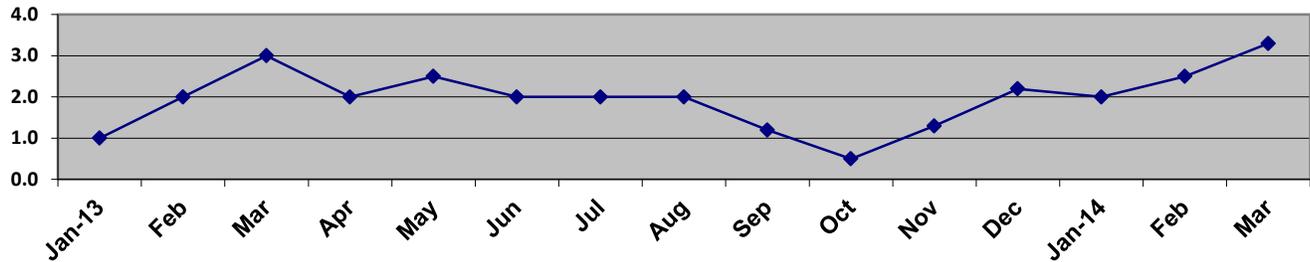
Total Savings to the Public



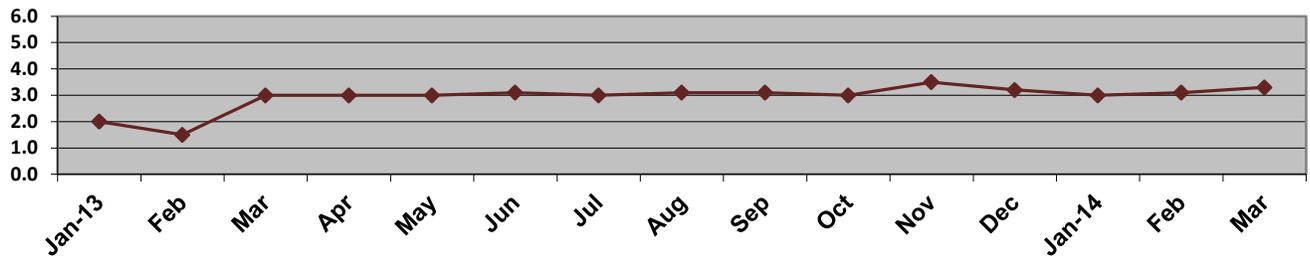


Number of Weeks Before Being Pulled for Processing

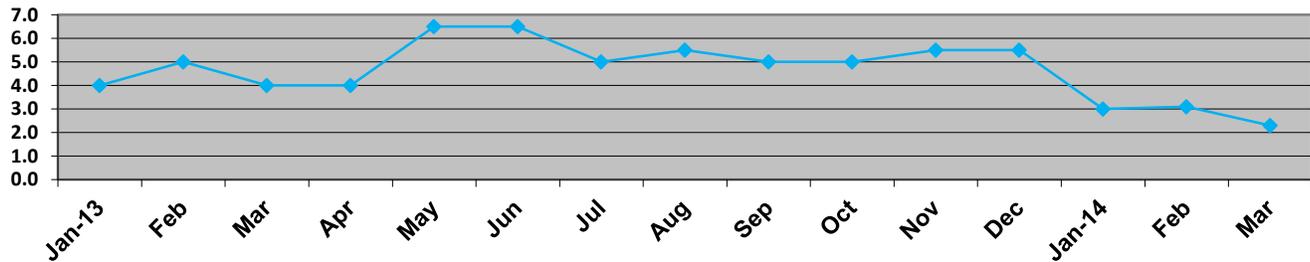
Application for Original License - Exam



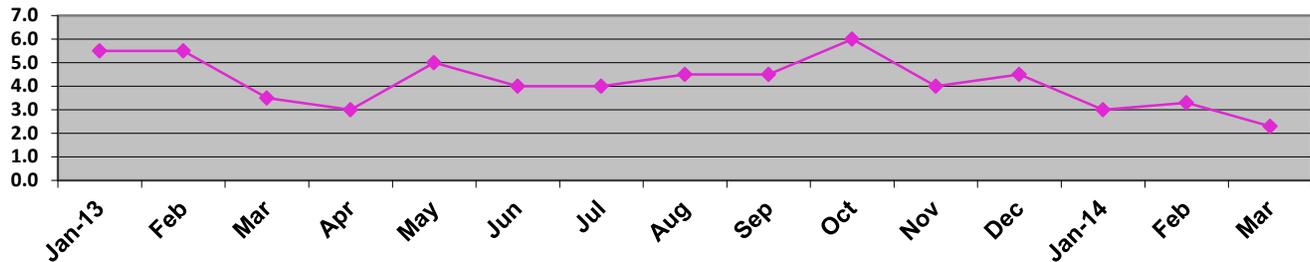
Application for Original License - Waiver



Application for Additional Classification



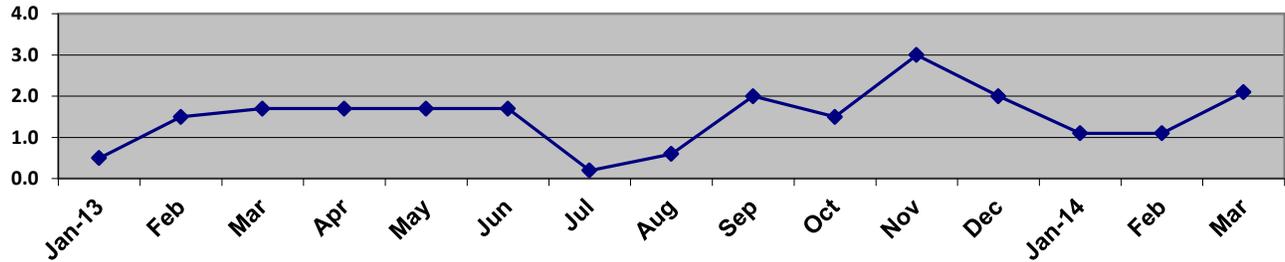
Application to Replace the Qualifier



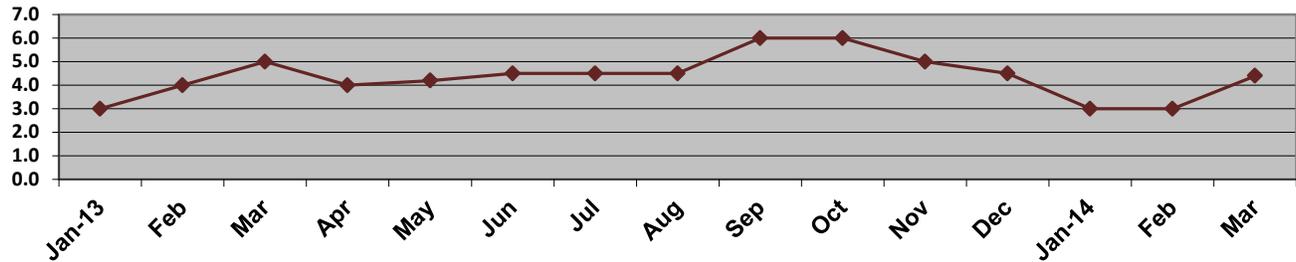


Number of Weeks Before Being Pulled for Processing

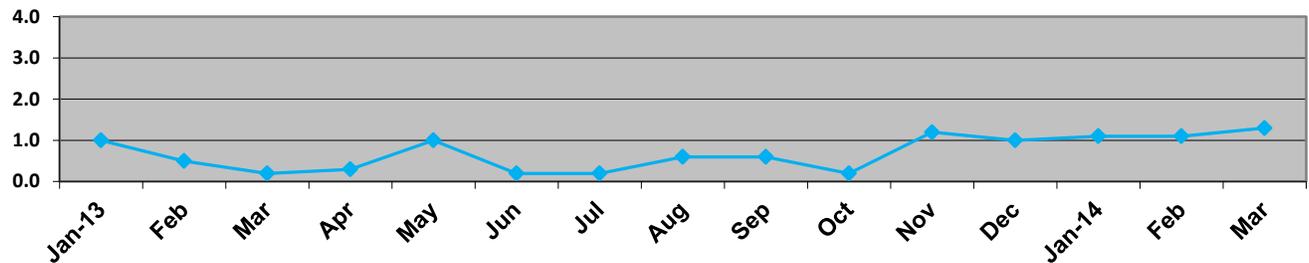
Application for Renewal



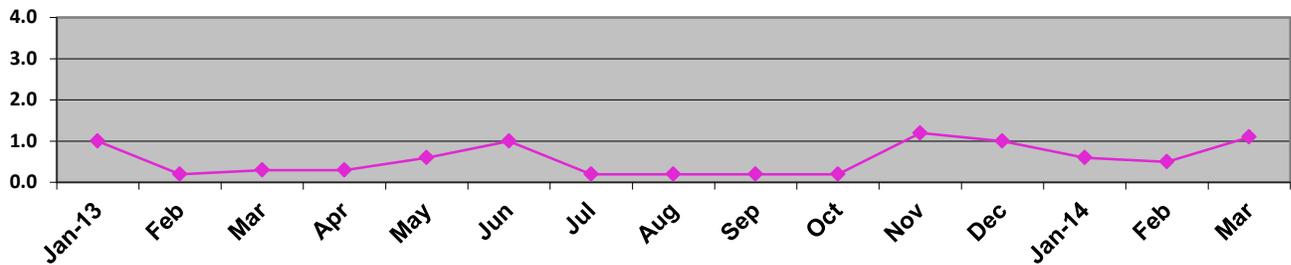
Home Improvement Salesperson (HIS) Application



Application to Report/Change Officers



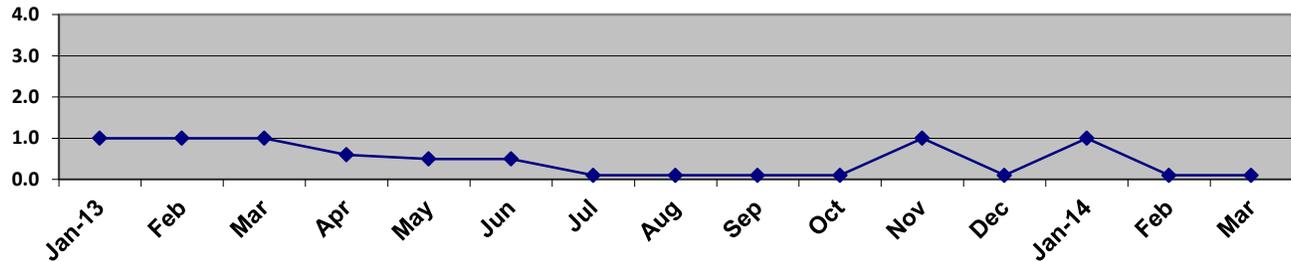
Application to Change Business Name or Address



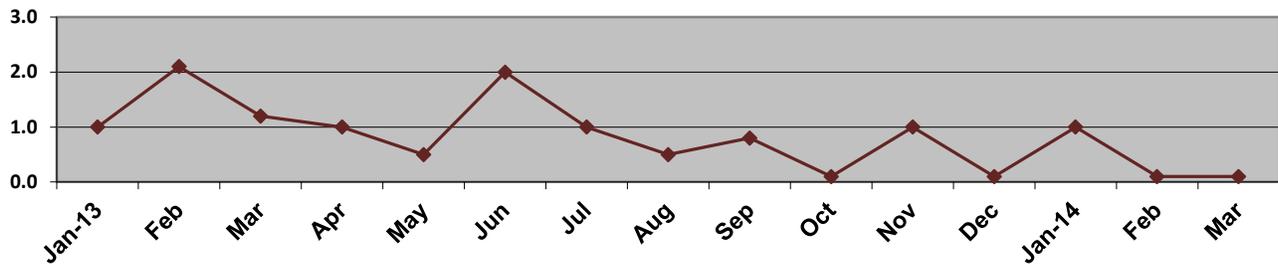


Number of Weeks Before Being Pulled for Processing

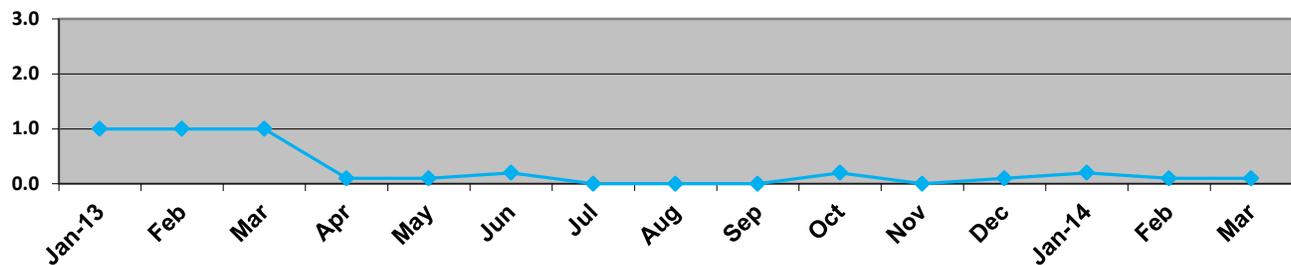
Contractors Bond, Bond of Qualifying Individual, LLC Worker Bond



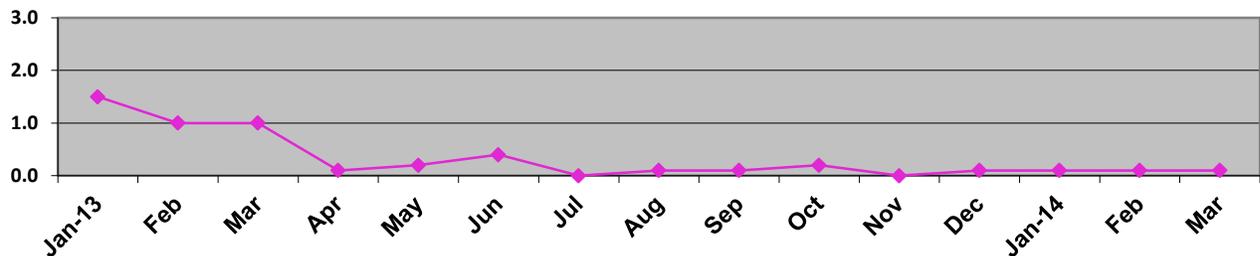
Workers' Compensation Certificates and Exemptions



Certified License History



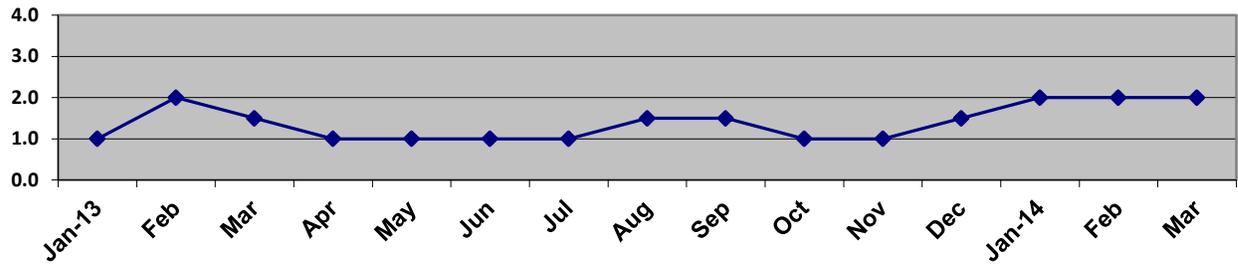
Request for Copies of Documents





Number of Weeks Before Being Pulled for Processing

Criminal Background Unit – CORI Review

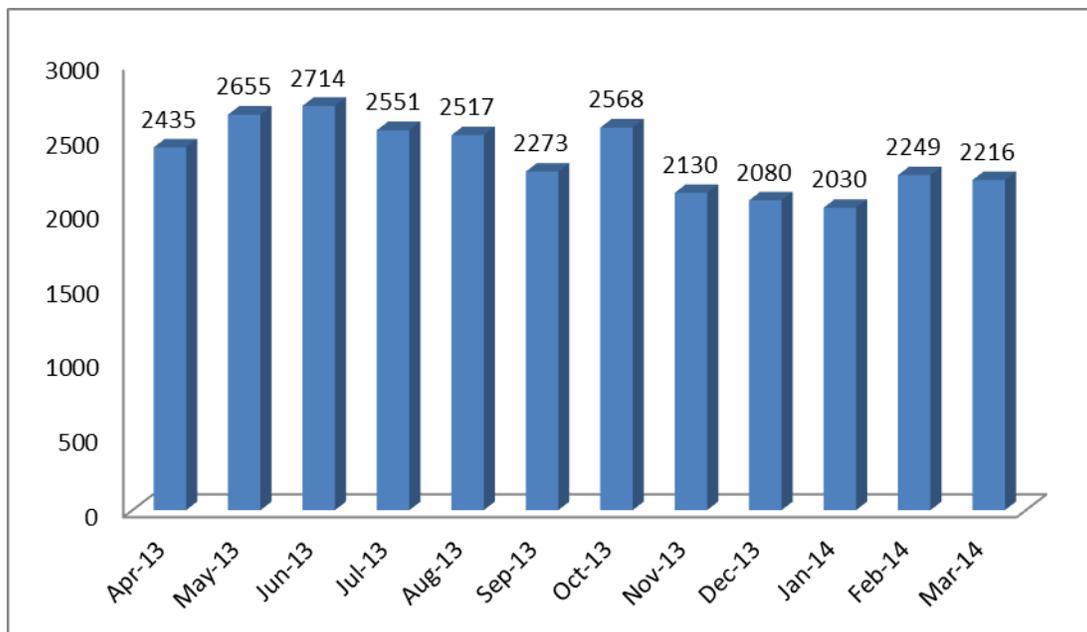




EXAMINATION ADMINISTRATION UNIT

The Testing division's Examination Administration Unit (EAU) is responsible for administering CSLB's 45 examinations at eight computer-based testing centers. Most testing centers are allocated two full-time test monitor positions. Part-time proctors are used to fill in when test monitors are not at work. When test monitors are not actively monitoring examinations, they respond to all of the testing-related interactive voice response (IVR) calls that are received by CSLB.

Number of Examinations Scheduled April 2013 - March 2014



Testing Center Status

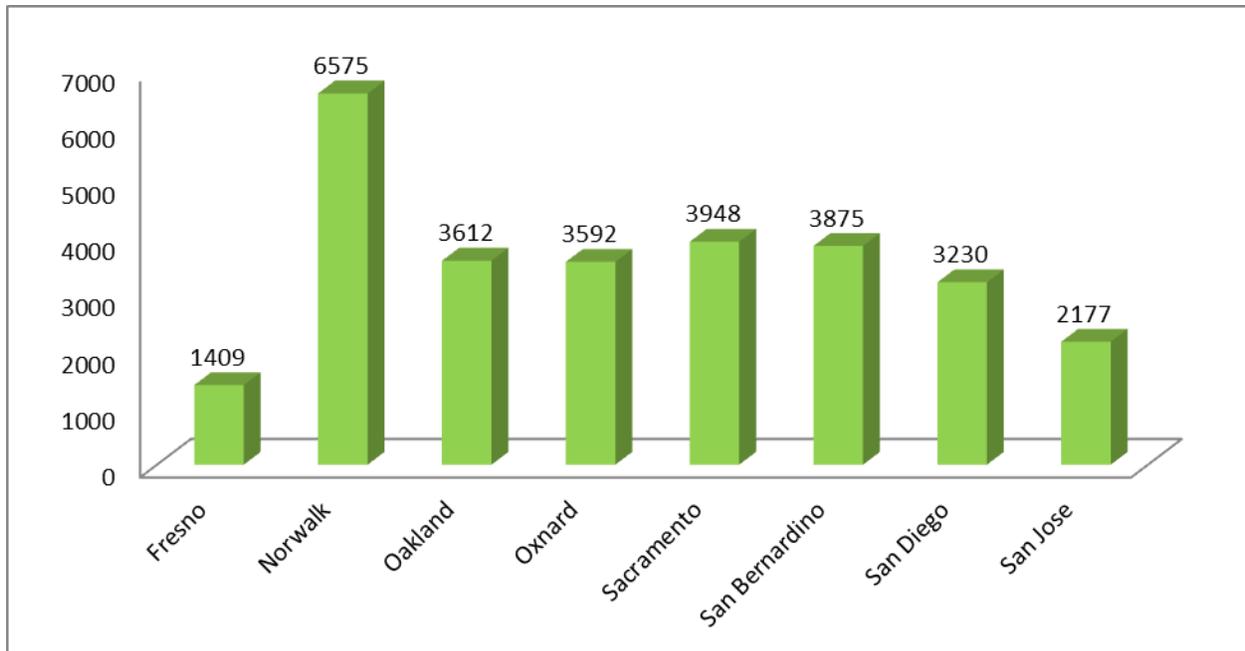
CSLB maintains eight testing centers in the following locations:

- Sacramento
- Oakland
- San Jose
- Fresno
- Oxnard
- Norwalk
- San Bernardino
- San Diego

CSLB is working with the Department of General Services to relocate the Oakland testing center to Berkeley. The new office building is occupied by the Department of Toxic Substances Control and Cal/EPA. The move has been delayed and is scheduled for April 2014.



Number of Examinations Scheduled by Testing Centers April 2013 - March 2014



Examination Administration Staffing

Testing has one Office Technician vacancy in the San Jose testing center.

Examination Administration Projects

The EAU analyst/editor has been auditing one testing center each month. She continues to write the EAU Procedure Manual.



EXAMINATION DEVELOPMENT UNIT

The Testing division’s Examination Development Unit (EDU) is responsible for ensuring that CSLB’s 45 examinations are written, maintained, and updated in accordance with testing standards, guidelines, and CSLB regulations.

Occupational Analysis and Examination Development Workload

To maintain a licensure examination, two phases are required in an ongoing cycle: occupational analysis and examination development. The cycle 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 proportion it should be tested. The examination development phase involves reviewing and revising the existing test questions, writing new test questions, and determining the passing score for examinations from that point forward.

EDU will be releasing three new examinations in April: C-5 Framing and Rough Carpentry, C-45 Signs, and C-50 Reinforcing Steel.

The following table shows the occupational analysis and examination development projects currently under way:

Occupational Analyses in Progress	New Examinations in Progress
A General Engineering	B General Building
C-11 Elevator	C-10 Electrical
C-15 Flooring and Floor Covering	C-13 Fencing
C-36 Plumbing	C-28 Lock and Security Equipment
C-51 Structural Steel	C-35 Lathing and Plastering
	C-60 Welding

Testing uses email surveys as much as possible for occupational analysis projects because they are quicker, less expensive, and require no data entry. CSLB does not have email addresses for all contractors, however, so paper surveys are also being utilized to make sure a large enough sample of licensees is reached.

Civil Service Examinations

In addition to licensure examinations, EDU works on civil service classification examinations used at CSLB. The Consumer Services Representative examination is scheduled for April 2014.

Examination Development Unit Staffing

The EDU Supervisor position has been filled, which leaves a Personnel Selection Consultant II position vacancy. It is in the process of being filled.



Ongoing Consumer Satisfaction Survey

EDU 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 related to eight customer service topics. 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. To improve the survey's response rate, Testing incorporated a reminder email into the process, so consumers who do not initially respond to the survey receive an email reminder one month later.



INTAKE AND MEDIATION CENTERS

IMCs Financial Settlement Amount (July 2013- February 2014)	• \$ 5,880,578.82
----------------------------------------------------------------------------------------	--------------------------

Sewer Line Replacement

A homeowner hired a contractor to remove a clog in the plumbing line for \$120. The contractor came to the home to diagnose the clog, and provided video footage of a break in the line. The contractor's recommendation was to replace the entire line. The homeowner got a second opinion from another contractor that trenched the line and found no breaks. The homeowner wants the original contractor to pay the \$650 to have the line trenched. The complaint has been forwarded for investigation.

House Re-Piping

An elderly homeowner hired a contractor to repair a leaky pipe in her kitchen. The contractor agreed to do the work for \$2,250. The 89-year-old homeowner was shocked to receive a bill for \$13,000 with the contractor informing her he replaced all the pipes under her house out to the city main. The homeowner's daughter asked to see the work and was told the new pipes are installed and buried. The complaint is being sent for investigation.

INVESTIGATIVE CENTERS

ICs Financial Settlement Amount (FY13-14)	• \$ 2,201,464.82
----------------------------------------------------------------------	--------------------------

Previously Cited Non-Licensee Appears at Sting, is Issued NTA

In July 2012, a homeowner researched craigslist.org to find a licensed contractor to paint her home's exterior. The homeowner entered into a contract with an unlicensed contractor by the name of Robert Allen Wade, DBA Custom Valley Painting, to paint the exterior of her home for \$2,200. The unlicensed contractor had listed a license number in his advertisement as well as on his business card, leading the homeowner to believe that he was licensed by CSLB. Two months after the unlicensed contractor finished the paint job, the homeowner noticed that the paint was peeling off in several areas and requested that Wade return to make repairs. Wade refused to do so. The homeowner obtained an estimate to correct the project at a cost of \$3,402. During the course of the investigation, the ER made several attempts to contact Robert Allen Wade by visiting



various addresses as well as via telephone with no success. The ER issued an administrative citation to Robert Allen Wade in May 2013, but the civil penalty amount was not paid.

In February 2014, the homeowner called the Sacramento IC ER to inquire about the status of the citation and expressed frustration with the lengthy process. As a result, in March 2014, the ER participated in a SWIFT sting operation and invited Wade to the sting house to see if he was still acting in the capacity of an unlicensed contractor. The ER Googled Wade and discovered a phone number as well as a recent craigslist.org advertisement. It was not until 1:00 p.m. on the day of the sting that Wade returned the ER phone call and arrived at the sting site by 1:40 p.m. Wade spent about 10 minutes telling the ER about the quality paint and professional methods he uses before finally providing a bid for \$1,200.00 to repaint the exterior of the sting house. After he was escorted to the booking room, the ER asked Wade about the 2013 case. Wade remembered the job and told the ER everything was his old partner's fault. The Sacramento County DA found Wade was on searchable probation. When asked why he was on probation, he stated he had been busted for methamphetamine. Wade now has a misdemeanor contracting without a license violation. If ignored, it will become a warrant for failure to appear. Wade also may be facing probation violations.

Brazen Revokee

The San Bernardino Investigation Center Peace Officer recently completed an investigation against a former licensee, Omar Ballesteros, whose licenses were revoked in August 1997 and again in January 2012. The revocation of his licenses did not deter Ballesteros. In fact, he boldly continued to advertise on the Internet, offering a discount to law enforcement customers. San Bernardino Superior Court records revealed that Ballesteros had multiple convictions for violations of contracting without a license and currently was on summary probation.

In January 2013, Ballesteros (doing business as Ballesteros Construction) entered into a contract with an Upland resident to furnish labor and materials to remodel a master bathroom for the contract price of \$16,680.00. Ballesteros demanded and received an excessive down payment of \$6,122.00 from the consumer. The project began on January 28, 2013, with Ballesteros and his employees first demolishing and then framing the bathroom. On February 28, 2013, Ballesteros abandoned the project after receiving \$11,662.00, leaving the homeowner with a non-functioning bathroom that deviated from plans and specifications. The homeowner was forced to hire another contractor to correct and complete the project for an additional \$24,403.00.

The Peace Officer is submitting his investigation findings to the San Bernardino County prosecutor for violations unlicensed contracting, fraudulent use of incorrect license number, advertising by an unlicensed person, excessive down payment, lack of workers' compensation insurance, and theft by false pretense. In addition, the Peace Officer is now investigating a new complainant filed by an elderly, blind consumer



against Ballesteros, which could prove additional violations perpetrated by this former licensee.

Identification Obtained Through Search Warrant

Shortly after an unlicensed contractor abandoned a fire restoration project at a Hayward residence, the homeowner met Raymundo Hernandez at a home improvement store. Hernandez, also an unlicensed contractor, represented that he was licensed and subsequently entered into a contract to complete the project for \$7,200. Hernandez and his two employees performed work for three months before abandoning the project. Hernandez was paid whenever he asked for money and ended up receiving a total of \$11,000. It cost the homeowner an additional \$6,000 to have the project completed by another contractor.

The homeowner's complaint was referred to the San Francisco Investigative Center (SFIC) after attempts to identify Hernandez proved unsuccessful. During the investigation, the SFIC Peace Officer tried making contact with Hernandez by visiting his last known address but found he had moved out. However, the property manager provided him with a copy of a bounced rent check Hernandez issued on a Wells Fargo account. The Peace Officer then prepared and obtained a search warrant for bank records for the Wells Fargo account, as well as for a Chase account Hernandez used to deposit one of the checks he obtained during the course of the construction project. The bank records provided multiple addresses for Hernandez and all of them were checked out and found to be invalid. Nevertheless, Hernandez' Mexican passport number and date of birth were included in the bank documents, which provided the information needed to obtain his California driver license and a positive identification by the victim.

The Peace Officer concluded his investigation report and submitted it to the Alameda County DA, requesting prosecution of Hernandez for advertising without a license, contracting without a license and failure to have workers' compensation insurance for his employees.



GENERAL COMPLAINT-HANDLING STATISTICS

(JULY 2013 – FEBRUARY 2014)

It has been determined that a manageable level of pending complaints for all current CSLB Enforcement staff is **2,940**. As of February 2014, the pending caseload was **2,713**.

One of the Board objectives is for ERs assigned to the nine ICs to investigate and appropriately disposition 10 complaints per month. The maximum working case load for IC ERs has been established at **35** per ER. CSLB has 52 IC ER's; therefore, the nine ICs have the capacity for **1,820** open complaints. As of February 1, 2014, the ICs had a total of **1,593** complaints open and under investigation.

It is anticipated that caseloads will rise with time and possibly exceed current manageable levels. An increase in caseloads will lead to a longer investigation process for consumers.

The following chart outlines how CSLB determines manageable caseloads:

Job Classification	Current Number of Staff	Closure Goal per Month	Preferred Cycle Time (months)	Maximum Caseload per ER	Maximum CSR & ER Caseload Capability
ERs	52	10	4	35	1,820
CSRs	28	30	2	40	1,120
TOTAL	80				2,940

The Board has adopted the following Enforcement objectives regarding complaint-handling. Staff success in accomplishing these objectives follows:

- **MAINTAIN ER 1 PRODUCTION OF CLOSING 10 COMPLAINTS PER MONTH**
ERs are closing an average of 10 complaints per month.
- **INCREASE THE PERCENTAGE OF LICENSEE COMPLAINTS SETTLED TO 30%**
Consumer Services Representatives are settling an average of 37% of licensee complaints.
- **ACCOMPLISH IMC LICENSEE COMPLAINT DISCLOSURE OF 70%**
Consumer Services Representatives are maintaining a licensee closing disposition of 67%.
- **REDUCE 270-DAY-OLD COMPLAINTS TO 100 OR LESS**
Staff's effective management of pending complaints has resulted in consistently maintaining the Board's goal. At the end of February 2014 there were only 56 aged cases.



**CASE MANAGEMENT
(JULY 2013 – FEBRUARY 2014)**

CITATIONS ISSUED		
	Licensee	Non-Licensee
Citations Issued	772	585
Citations Appealed	394	235
Citation Compliance	533	243
MANDATORY SETTLEMENT CONFERENCES		
Scheduled	239	
Settled	147	
Civil Penalties Collected	\$755,484	
Legal Fee Savings	\$1,209,936	

ARBITRATION	
Arbitration Cases Initiated	224
Arbitration Decisions Received	187
Licenses Revoked for Non-Compliance	16
Arbitration Savings to the Public – Restitution	\$858,323
ACCUSATIONS / STATEMENT OF ISSUES	
Licenses Revoked by Accusation	254
Restitution for Accusations	\$512,497.63
Statement of Issues (Applicants Denied)	33
Cost Recovery Received	\$166,632.63
Number of Cases Opened	276
Number of Accusations/Statement of Issues Filed	291
Number of Proposed Decisions Received	61
Number of Stipulations Received	64
Number of Defaults Received	134
Number of Decisions Mailed	265



**STATEWIDE INVESTIGATIVE FRAUD TEAM (SWIFT)
(JULY 2013 – FEBRUARY 2014)**

During FY 13-14, SWIFT conducted many successful undercover sweep and sting operations, and developed new strategies and partnerships to combat the underground economy as follows:

• **STINGS / SWEEPS**

Each month, undercover sting and sweep operations are conducted throughout the state. To date (for this fiscal year), SWIFT conducted 238 sting and sweep days, resulting in over 949 legal actions, including NTAs and citations.

- SWIFT performed 61 sting days during FY 13-14, partnering with law enforcement, DAs, building departments and code enforcement officials, industry leaders, and other state agencies. The sting operations targeted unlicensed repeat offenders and wanted criminals working in the construction industry.

As a result of the extensive efforts to combat unlicensed operators, SWIFT was able to achieve the following results:

409	Suspects received NTAs for contracting without a license, illegal advertising, and workers' compensation (WC) insurance violations
21	Licensed individuals were referred to district attorneys for criminal prosecution of WC violations
519	Licensed and unlicensed individuals received administrative citations for licensure, advertising, aiding and abetting, and WC violations
346	Stop Orders served upon construction employers, prohibiting use of employee labor until workers' compensation insurance is obtained

Spring California Blitz

SWIFT investigators from around the state partnered to conduct the spring California Blitz from March 25-27, 2014. Simultaneous undercover operations were held in nine counties, and 121 arrests were made. Stings were held in Bass Lake (Madera County), Clovis (Fresno County), Dana Point (Orange County), Hanford (Kings County), Palos Verdes Estates (Los Angeles County), Sacramento (Sacramento County), San Jose (Santa Clara County), Vista (San Diego County), and Woodland (Yolo County). Investigators posed as homeowners seeking bids for home improvement projects ranging from painting, landscaping, flooring, drywall, and concrete work. Most of the targets were obtained through illegal advertisements on craigslist.org. Of the 121 individuals arrested, 115 now face misdemeanor charges for contracting without a license. Ninety-four suspects also may be charged with illegal advertising. Seven others



may be charged with requesting an excessive down payment, and nineteen were issued Stop Orders.

Highlights included:

- In Los Angeles County, a repeat offender with \$35,000 arrest warrant for failing to appear in court will face a previous charge of contracting without a license.
- In Orange County, one suspect had a pending trial for an assault with a deadly weapon charge.
- In Sacramento County, a suspect was issued an NTA only to be caught the following day in Yolo County.
- In Yolo County, one suspect arrived late to give bid due to taking the exam for his CSLB license.

CSLB INVESTIGATION ACADEMY

The Enforcement division continually seeks training opportunities for staff that is specific to CSLB investigations. Enforcement management, in conjunction with the Attorney General's Office, has developed the CSLB Investigation Academy. This academy will be a five-day voluntary course that is offered to all staff. It is comprised of training Modules 1 through 3 and the newly developed Module 4: Code Training, Phone Tactics, and Time Management. Staff members who already have attended Modules 1 through 3 will only need to take Module 4 in order to receive a CSLB Investigation Academy Certificate of Completion. Following is an overview of the Academy:

Day 1

Introduction

Overview of Department of Consumer Affairs and the Contractors State License Board's Enforcement division organization, unit functions, and responsibilities; and overview of the Attorney General's Office and administrative processes.

Investigative Techniques

Class members are provided with proven investigative techniques to be a successful investigator. Curriculum includes professionalism, credibility, overcoming investigator challenges, development of case strategy, and identification of allegations.

This course will have an expanded segment on the types of evidence, exceptions to the hearsay rule, admissibility of evidence, chain of custody, and declarations. Class members will view a POST video and receive instruction on presenting hearsay testimony at hearings. This segment will qualify class members to be Prop. 115-certified.

**Day 2****Code Training/Interview Techniques**

Curriculum includes proper planning, strategizing, verbal and non-verbal communication, conducting interviews, and obtaining admissions, all critical components in any investigation.

This course includes an interactive workshop where a case file will be studied and class members will develop strategies and interview questions. Selected class members will conduct interviews with the complainant and respondent.

Day 3**Code Training/Phone Tactics/Time Management**

The CSLB investigator is provided with knowledge of 11 routinely used Business and Profession Code sections. Specific elements, supporting evidence, and case law will be discussed.

This course will include separate training sessions on effective phone tactics and the development of time management skills.

Day 4**Report Writing**

Curriculum includes word choice, eliminating irrelevant information, being accurate, addressing all elements of violations, proof-reading, and refining reports prior to submission.

There are many reviewers of CSLB reports and it is imperative that investigators have the tools to write a detailed, yet concise, report.

Class members will receive a case file containing exhibits, watch a video of interviews with both the complainant and the respondent, and be required to write an investigative report. Each report will be reviewed by instructor(s) and feedback will be provided to each class member. (This will be a one-on-one feedback meeting which will occur on the beginning of Day 5.)

Day 5**Court Testimony**

Explanation of administrative hearings, criminal proceedings, and civil hearings, including depositions, take place during this session. Curriculum will include proper preparation, mechanics of testifying, providing testimony, and discussing ways to eliminate anxiety before and during testifying.

Each member is given a case file that includes exhibits, and watches interviews of both the complainant and respondent. Each member then participates in a mock trial, providing both direct and cross-exam testimony. A written critique of each member's performance will be provided to them at the end of class.

**TRAINING UPDATE**

As part of CSLB's Strategic Plan, the Enforcement division has an ongoing commitment to create a training curriculum for staff that includes basic enforcement procedures, a mentoring program, and specialized training. Following is a list of training that has been conducted to date:

- 1. Module 1: Basic Investigative Techniques** **January – June 2012**
This course was developed by CSLB management staff in conjunction with CSLB retired annuitant Doug Galbraith and Deputy Attorney General Michael Franklin. The course was an eight-hour block of instruction about basic investigative techniques, roles and responsibilities of an investigator, effective case management, overview of rules of evidence, and elements to B&P Code sections: 7107 (abandonment), 7116 (fraud), and 7125.4 (false reporting of a WC insurance exemption certificate).
- 2. Module 2: Interview Techniques** **January – June 2012**
This course was designed to enhance enforcement representatives' interview techniques; understand the importance of obtaining accurate statements, admissions, and confessions; and prepare ERs to provide expert testimony in court and at administrative hearings. The course included a workshop for participants to test their interview skills in several CSLB-related scenarios.
- 3. Bankruptcy Case Law & Impact on Enforcement** **February 2012**
This one-day course, provided by Supervising Deputy Attorney General (SDAG) Marc Greenbaum and his staff, included an overview of bankruptcy case law and the impact that a bankruptcy filing has on CSLB Enforcement actions as well as a consumer's ability to recover financial losses/restitution.
- 4. Security Assessments for Enforcement Staff** **February 2012**
Dr. Steve Albrecht discussed workplace violence in addition to violence as a process. Staff learned techniques to identify "danger zones" in the field, the importance of preplanning, scene containment, and scene management. This training helps staff effectively document threatening statements and behaviors.
- 5. Northern California Fraud Investigators Association** **March 2012**
This three-day course brought together law enforcement, prosecutors, civil attorneys, corporate leaders, insurance personnel, and designated Enforcement staff to address common issues in the fight against fraud. The 2011 conference featured more than 40 guest speakers and had over 400 attendees. Annual anti-fraud education and networking are fundamental to prosecuting fraud and related crimes.



- 6. Improving Enforcement Skills** **April 2012**
Enforcement staff was invited to learn about interpersonal dynamics and emotional intelligence in this course, given by Sommer Kehrl, Ph.D. Training highlights included personal and social competence skills along with self-management skills that play key roles in successful job performance.
- 7. Advanced Negotiation** **April 2012**
This interactive seminar focused on advanced techniques and principles for improving negotiation effectiveness. Designated staff attended this training, which concentrated on sharpening existing skills and deepening practical and theoretical knowledge of fundamental principles of successful negotiation.
- 8. Supervisor Training** **June 2012**
Enforcement Supervisors were invited to attend the Centre for Organizational Effectiveness' Enforcement Supervisor I training held in Sacramento and Norwalk. Supervisors brushed up on techniques to improve their supervisory skills. Enforcement managers served as presenters during the training and discussed CSLB challenges and changes.
- 9. Basic National Certified Investigator/Inspector Training (NCIT)** **June 2012**
This three-day course provided hands-on training and a certification program in investigation and inspection techniques and procedures. Staff learned specifics regarding professional conduct, principles of administrative law and the regulatory process, the investigative process, and the principles of evidence. In addition, investigators were instructed on interview techniques, report writing, and testifying in administrative and criminal proceedings. Upon completion of the course and successful completion of the final exam, investigators received certification by the Council on Licensure, Enforcement and Regulation (CLEAR).
- 10. Module 3: Effective Report Writing** **Third Quarter 2012**
This course was designed to assist ERs by enhancing their writing skills to create professional, accurate, and complete investigative reports. Emphasis was given on credibility, proofreading, and ensuring findings will pass scrutiny during a trial or hearing. The class included a practical report-writing exercise and an exercise where participants engaged in a mock trial.
- 11. Elder Abuse Training** **September 2012**
This two-day course, offered to CSLB peace officers, gave an in-depth look at gypsy and traveler crime, "non-traditional organized crime" groups, crimes committed against the elderly, ruse entry and impostor burglaries, and how to deal with investigative impediments.

**12. Improving Employee Performance & Accountability September/October 2012**

This two-day course, offered by CPS for Enforcement supervisors and managers, stressed the importance of job documentation, communicating expectations, and coaching employees to ensure success. Participants learned steps to identify and establish performance measurements and conduct the Performance Appraisal/Individual Development Plan. Most important, participants learned how to motivate employees to change behavior, and the steps to sustain performance levels.

13. DCA's Enforcement Academy October/November 2012

DCA's Enforcement Academy provides a strong foundation of knowledge and practices for employees who perform enforcement functions while creating an opportunity for individuals from all of DCA's boards, bureaus and divisions to network and learn from one another. The Academy is one week long and must be attended in its entirety for successful completion.

14. Enforcement Supervisor I and II Team-Building Workshop October 2012

This one-day course, offered by the Centre for Organization Effectiveness, was designed to assist with bridging and team-building between Enforcement Supervisors and Enforcement Managers. Attendees learned ways to improve working relationships and develop strategies to ensure statewide continuity regarding employee hiring, case reviews, calendars, and work expectations.

15. Professional Assistants Academy December 2012

This two-day course, offered by the Centre for Organization Effectiveness, included presentations and group activities on the following topics: the changing role of the office professional; understanding interpersonal style differences; creating a positive image; service orientation; organizational savvy; characteristics of high-performing teams; a writing, proofing and editing lab; career management; communication skills; and negotiation and conflict resolution skills. This course was successful in Southern California last year and is now being offered to Office Assistants, Office Technicians, and Program Technicians in Northern California.

16. CSLB's Penal Code 832 Equivalent Course January/February 2013

This four-day course focused on the laws of arrest, search and seizure. The class was offered to Northern California staff from January 7-10 in Sacramento and to southern staff in West Covina February 4-7. The course is similar to the Commission on Peace Officer Standards and Training (POST) course, excluding the hands-on physical methods of arrest (handcuffing and control holds). Staff was required to pass a final exam. The course was taught by Retired Annuitant Doug Galbraith, who has instructed POST's PC832 class for many years at a community college.



- 17. Criminal Investigation Meeting** **March 2013**
Over 100 Enforcement staff attended Consumer Fraud Investigation and Case Filing presentations that were held throughout the state. Riverside County Senior Deputy DA (DDA) Elise Farrell, DDA Homan Hosseinioun, and Senior DA Investigator Paul Pantani presented an overview of identifying and investigating criminal violations, writing effective reports, and tips for successfully referring a criminal complaint to a local prosecutor.
- 18. SOLID Writing Workshop** **May 2013**
DCA's SOLID Training Solutions provided a writing workshop to nearly 50 Norwalk staff. SOLID customized the class, which was a blend of their Basic Writing Skills and Effective Business Writing courses specially developed for Enforcement staff. The workshop offered practical hands-on exercises designed to develop skills needed to write clear, complete content to convey a credible message and project a professional image. Class topics included preparing business letters, memos, and professional email; developing an appropriate tone for your audience and purpose; organizing information and prewriting; and revising and proofreading your work.
- 19. DCA's Division of Investigation Peace Officer Training** **June 2013**
DCA's Division of Investigation developed a customized defensive tactics training module for CSLB peace officers. Peace officers were trained on defensive tactics, development of verbal skills, and investigative strategies.
- 20. Elder Abuse Training with San Diego County DDA** **August 2013**
CSLB peace officers met with San Diego County DDA Attorney Paul Greenwood to discuss his experiences in prosecuting elder abuse investigations. Greenwood has served as the supervisor of San Diego County DA's Elder Abuse Unit for the last 17 years. Each peace officer was encouraged to bring a pending elder abuse investigation to discuss with the group. DDA Greenwood dispelled several common myths regarding elder abuse investigations and provided a list of elements that need to be present. He also reviewed relevant case law. The information provided to staff will play a crucial role in having more success in the prosecution of these cases.
- 21. Supervisors Training** **January 2014**
Northern California Enforcement supervisors received training in January, provided by Doug Galbraith, DAG Mike Franklin, ESII Missy Vickrey, and Deputy Enforcement Chief Christina Delp. During the two-day course, supervisors received training that focused on specific challenges they face on a daily basis and discussed the importance of timely Individual Development Plans and performance evaluations. Supervisors provided positive feedback and appreciated the strategies and real-life examples provided during class.



22. Successful Promotional Interviewing Training **March 2014**

Norwalk staff attended the Successful Promotional Interviewing Class provided by Career Counselor Judy Kaplan-Baron. This training covered many facets of successful interviewing including: dealing with anxiety and nervousness, identifying skills and accomplishments, how to best answer the most frequently asked interview questions, and what interviewers really look for.

23. Professional Assistants Academy II **March 2014**

This two-day course, offered by the Centre for Organization Effectiveness, included presentations and group activities on the following topics: team building, time management, conflict resolution, customer service skills, and presentation skills. This course was offered to Office Assistants, Office Technicians, and Program Technicians in northern California and will be offered to southern California staff in April 2014.



CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS PROGRAM UPDATE

CSLB's Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations and outreach. PAO provides a wide range of services, including proactive public relations; response to media inquiries; community outreach, including Senior Scam StopperSM and Consumer Scam StopperSM seminars, speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; social media outreach to consumers, the construction industry, and other government entities; and website and intranet content.

STAFFING UPDATE

PAO is staffed with six full-time positions and one part-time Student Assistant. There are currently two vacancies (Graphic Designer and Student Assistant).

WEBSITE HIGHLIGHTS

Website Redesign Project

PAO staff is working with Information Technology (IT) staff to design and develop an entirely new CSLB website. The website will utilize the latest state templates, and be adaptable on smart phones and tablets.

The new website will allow an instant license check to be performed from the home page with one click.

The new template also will make content management more efficient.

CSLB's Most Wanted

PAO continues to publicize suspects added to CSLB's Most Wanted list. CSLB has identified the worst unlicensed violators who are known to prey on vulnerable and unsuspecting homeowners who embark on new home or home improvement projects.

The main criterion to be included on the list is to have an active arrest warrant.

As of April 8, 2014, there are nine suspects on CSLB's active Most Wanted list. One of those suspects, Alex Pike Mitchell, already has pleaded guilty to charges in two different counties. During the week of March 24, 2014, a San Diego County Superior Court judge issued two no-bail arrest warrants for Mitchell after he failed to appear in court for sentencing. Mitchell may have as many as five arrest warrants at this time. Even so, CSLB has evidence Mitchell continues to rip off unsuspecting consumers in San Diego and Riverside counties.



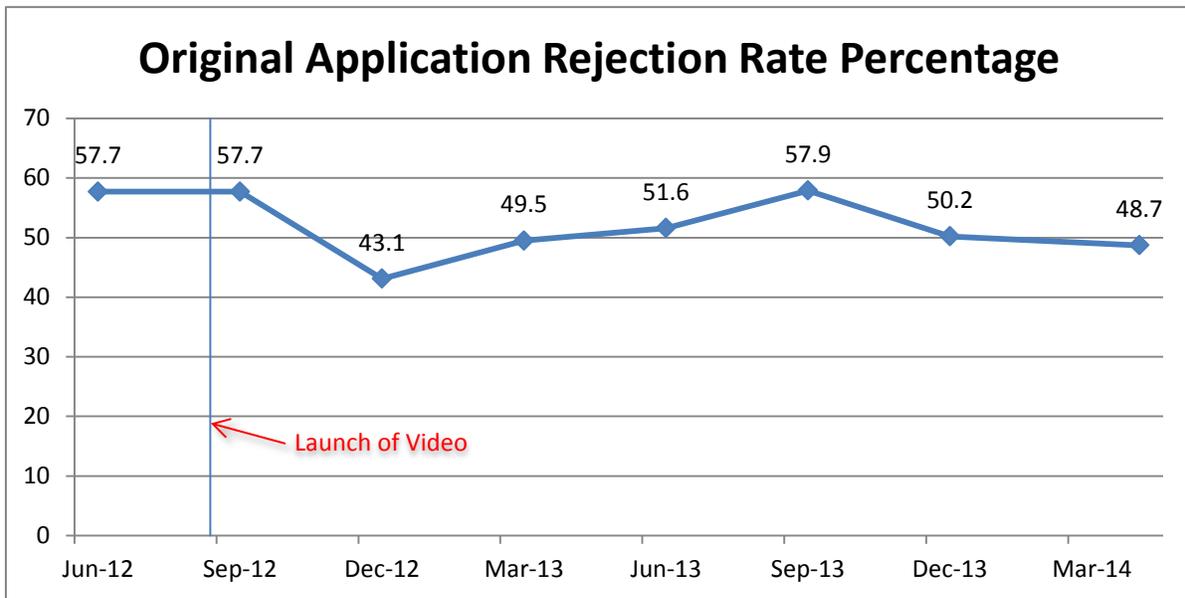
Application Instructional Video

PAO continues to work with Licensing division staff to track changes to the application rejection rate, following release of a tutorial video that explains how to correctly fill out a CSLB license application. The video was launched August 28, 2012; it can be viewed in its entirety or in individual sections.

Through April 8, 2014, the entire video has been viewed 29,091 times, an increase of 3,048 viewings since the February Board meeting. Videos of individual sections have been viewed a total of 47,532 times, an increase of 5,738 since the February Board meeting. The total lifetime number of Application Instructional Video views is 76,648, an increase of 9,697.

Even with the video being viewed approximately 1,500 times every month, application rejection rates have continued to bounce up and down. The numbers are shown below.

The average rejection rate since the video was launched is 51.2 percent. The March 2014 rejection rate was 48.7 percent.



SOCIAL MEDIA

Twitter Growth

CSLB gained 54 followers since January 29, 2014, growing from 1,409 to 1,463. PAO staff

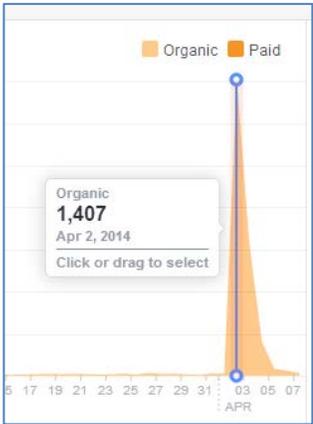
has posted a total of 538 tweets. Our most favored Tweet to date was tweeted March 5, 2014, announcing the arrest of Most Wanted suspect Khalid Wilson.



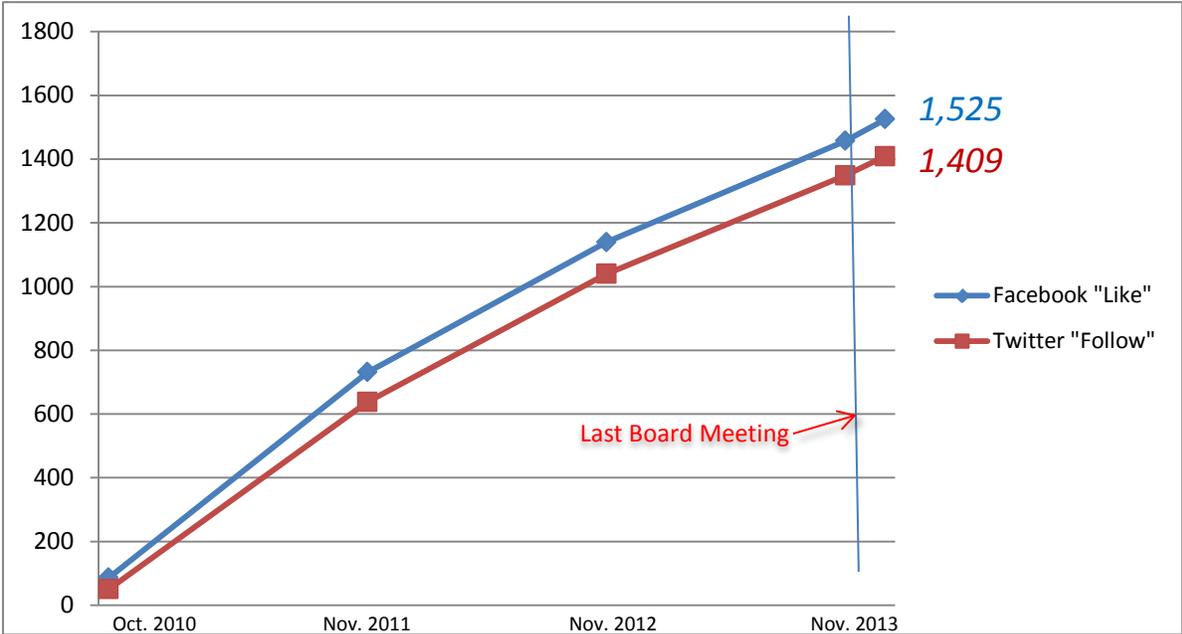
Facebook Growth



On January 29, 2014, CSLB began with 1,525 likes, and by April 7, 2014, we have grown to 1,595; about 70 new followers in 68 days. During the same period, we added 10 new photographs. Our most popular Facebook post during this period is the spring California Blitz video post from April 2, 2014, with 1,299 views.



Also on April 2, a period peak of 1,407 people visited our site and read a variety of posts.





YouTube

The CSLB YouTube channel welcomed 16,157 visitors during the January 29, 2014 to April 7, 2014, period, up nearly 2,500 views from the previous quarter.

We have a total of 226,737 views for the site, nearly an 8 percent increase in about 10 weeks. Visitors logged 56,940 minutes and watched an assortment of 47 videos. Nearly 13,500 viewers (20 percent) came to our site to view the 2013 Experience Verification Seminar video.

Three quarters of our viewers access our YouTube videos with their mobile device, 61 percent of those from the CSLB website.



VIDEO/DIGITAL SERVICES

NewTek Live Streaming Conference

On March 6, 2014, PAO’s Media Specialist traveled to the Bay Area for a day-long training session on Web streaming with representatives from NewTek. The company makes the machine (Tricaster) that PAO uses to produce live Web streams. The Tricaster has many compression and streaming capabilities not highlighted in any manual or owners guide. The conference was free and provided valuable insight into the equipment functions and capabilities.

Video Retention Research

With CSLB capturing and producing more video than ever before, an important question is how long to store the raw material, and in what digital format. PAO staff solicited information from members of the California Media Professionals group about their organizations’ video retention policies. Representatives from the Departments of General Services, Fish and Wildlife, Corrections and Rehabilitation, Motor Vehicles, Transportation, and Resources Recycling and Recovery; the Water Resources, Air Resources, and Victim Compensation and Government Claims Boards; California Public Employment Retirement System and State Teachers Retirement System; and Atascadero State Hospital all returned PAO’s questionnaire. That information has been assembled into a convenient, detailed spreadsheet.

It has been determined that, for now, PAO will archive all raw video and audio. The approach will be reevaluated in one year.

Spring California Blitz

For the first time, PAO’s visual highlights of the spring 2014 California Blitz included broadcast-quality video from five major media markets. PAO staff captured on-scene video and still photographs from Clovis, Palos Verdes Estates, Sacramento, San Jose, and Vista. In addition to

the highlight video and digital photos that were provided to members of the news media, Public Affairs staff also shot, edited, and cloud-uploaded highlights from the Palos Verdes Estates press event, held the morning of Friday, March 28, 2014.

PAO has received several computer upgrades for the Adobe Premiere editing machine. Two external hard drives and additional computer memory went online in time to edit the California Blitz highlight video. The resulting video was of higher quality, and the editing and uploading time was dramatically reduced. The new external hard drives enable this office to comply with its new goal to retain all raw and edited video.

Email Alert Feature

PAO continues to publicize a website feature launched in May 2010 that allows people to subscribe to their choice of four email alerts from CSLB:

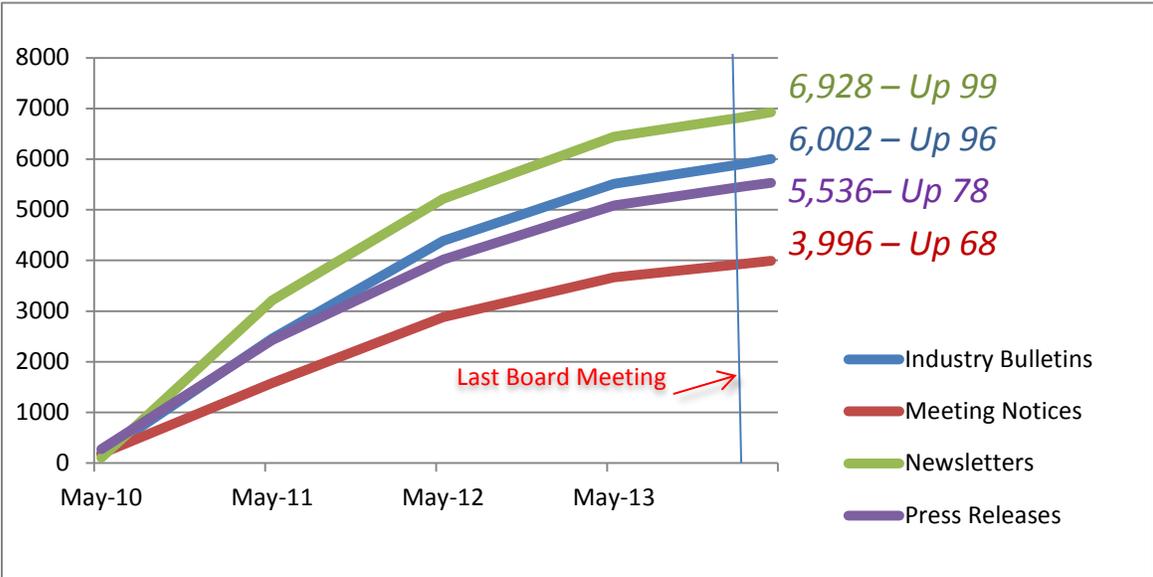
- California Licensed Contractor newsletters
- News Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas



The subscriber database continues slow, but steady gains, with a current total of 22,462 subscriptions, and increase of 341 activated since the February Board meeting.

PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. This list currently consists of 78,436 active email addresses, which brings the combined email database to 100,898 addresses.

Email Alert Sign-Up Statistics





MEDIA RELATIONS HIGHLIGHTS

Media Calls

Between February 3, 2014 and April 8, 2014, PAO staff responded to more than three dozen media inquiries and provided interviews to a variety of online, newspaper, radio, magazine, and television outlets.

News Releases

PAO continued its policy of aggressively distributing news releases to the media, especially to publicize enforcement actions and undercover sting operations. Between November 20, 2013 and February 4, 2014, PAO distributed four news releases.

Release Date	Release Title
February 5, 2014	Grass Definitely Not Greener for Those Caught in CSLB Sting
February 10, 2014	CSLB Consumer Alert: Nevada Most Wanted Suspects May Be Working in Northern California
February 27, 2014	Ragtag Assortment of Suspects Arrested in Pioneer CSLB Undercover Sting
April 1, 2014	More than 120 Unlicensed Contractors Caught by CSLB in California Blitz

News Media Events

On March 28, 2014, PAO staff conducted a press event to announce the results of the annual spring California Blitz. The press event was held in a park adjacent to Palos Verdes Estates City Hall.

The event attracted extensive news coverage from dozens of media outlets in the Los Angeles market and from around the state.



INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS

Industry Bulletins

PAO alerts industry members to important and interesting news by distributing Industry Bulletins. Bulletins are sent out via email on an as-needed basis to just over 6,000 people and groups. Distribution includes those who have signed up to receive the bulletins via CSLB’s Email Alert system. Between February 4, 2014 and April 8, 2014, PAO distributed three industry bulletins.

Release Date	Bulletin Title
February 10, 2014	Compliance Dates Delayed for Some Energy-Related Regulations in CA Building Standards Code
February 24, 2014	Men Who Scammed CSLB Applicants, Licensees Sentenced to Jail
February 24, 2014	2014 Contractors License Law & Reference Book Now Available

PUBLICATION HIGHLIGHTS

Following is a status of CSLB publications (print and online) that are in production:

Completed

- April 2014 Enforcement Committee Meeting Packet
- Spring *California Licensed Contractor* Newsletter
- April 2014 Legislative Committee Meeting Packet
- April 2014 Board Meeting Packet

In Production

- Contractor/Applicant Guide (booklet)
- Consumer Guide (booklet)
- Mechanics Lien (Spanish)

In Development

- Contractor Outreach Materials
 - Checklist of Consumer Questions During Bid
 - Why You Should Hire a State-Licensed Contractor
 - Building Permit Information
 - Contractor Insurance and Bond Information
 - Contractor Reference form
- Description of Classifications Booklet (Spanish)

CSLB Forms/Letters

PAO is working with other CSLB divisions to review and update all forms and letters, and to ensure all distributed materials have received proper legal review and have been assigned a tracking number.



COMMUNITY OUTREACH HIGHLIGHTS

Senior Scam StopperSM Seminars

Ten Senior Scam StopperSM seminars have been conducted during the first quarter of 2014. Board members Joan Hancock, Pastor Herrera, and Kevin Albanese have attended.

The following seminars have been conducted or were scheduled since the Board’s February meeting:

Date	Location	Legislative/Community Partner(s)
February 20, 2014 (am)	Manhattan Beach	Sen. Ted Lieu
February 20, 2014 (pm)	Burbank	Asm. Mike Gatto
February 21, 2014	Salinas	Sen. Anthony Cannella
February 28, 2014	Lemoore	Asm. Rudy Salas
March 14, 2014	San Jose	Sen. Jim Beall
March 21, 2014	Delano	Asm. Rudy Salas
March 28, 2014	Wasco	Asm. Rudy Salas
April 4, 2014	Millbrae	Asm. Kevin Mullin
April 10, 2014	Sacramento	Asm. Roger Dickinson
April 14, 2014	Napa	Asm. Mariko Yamada
April 15, 2014	Fullerton	Asm. Sharon Quirk-Silva
April 16, 2014	Escondido	Asm. Marie Waldron
April 17, 2014	Anaheim	Asm. Sharon Quirk-Silva
April 18, 2014	San Jose	Asm. Paul Fong
April 25, 2014	Malibu	Asm. Richard Bloom
May 2, 2014	Venice	Sen. Ted Lieu
May 9, 2014	Bethel Island	Asm. Jim Frazier
May 16, 2014	Wilmington	Asm. Isadore Hall, III
May 23, 2014	Fremont	Asm. Bill Quirk / Asm. Bob Wieckowski
June 6, 2014	Hayward	Asm. Bill Quirk
June 12, 2014	Union City	Asm. Bill Quirk
June 13, 2014 (am)	Hayward	Rep. Eric Swalwell
June 13, 2014 (pm)	San Lorenzo	Asm. Bill Quirk
June 20, 2014	Hayward	Asm. Bill Quirk
June 27, 2014	Castro Valley	Asm. Bill Quirk
June 30, 2014	Coronado	Rep. Scott Peters
July 11, 2014	Contra Costa County	Sen. Mark DeSaulnier
July 18, 2014	Contra Costa County	Sen. Mark DeSaulnier



July 25, 2014	Contra Costa County	Sen. Mark DeSaulnier
July 29, 2014	Santa Cruz County	Asm. Mark Stone
August 1, 2014	Santa Barbara County	Asm. Das Williams
August 8, 2014	Suisun City	Asm. Jim Frazier
August 15, 2014	Alameda County	Sen. Mark DeSaulnier
September 4, 2014	Menifee	Asm. Melissa Melendez
September 12, 2014	Los Angeles	Asm. Chris Holden
September 19, 2014	Los Angeles	Asm. Roger Hernandez
September 26, 2014	Santa Monica	Asm. Richard Bloom
October 1, 2014	Palo Alto	Asm. Rich Gordon
October 3, 2014	San Mateo County	Asm. Kevin Mullin
October 10, 2014	Santa Clara County	Asm. Paul Fong
October 17, 2014	Rio Vista	Asm. Jim Frazier

Additional Opportunity for Senior Outreach

Last year, PAO held a Senior Scam StopperSM seminar with Assembly Member Paul Fong at the Saratoga Senior Center. It was an overwhelming success, with 400 attendees. Recently, Assembly Member Fong’s office was contacted by the director of the Saratoga Senior Center inquiring about other presentations for seniors. Assembly Member Fong’s staff contacted CSLB’s Outreach Coordinator, and the Senior Resource Fair was born. This year’s event will be held at the Saratoga Senior Center on May 19, 2014.



CONTRACTORS STATE LICENSE BOARD

ADMINISTRATION UPDATE

PERSONNEL UPDATE

Examinations

DIVISION	EXAM	STATUS
Enforcement	Enforcement Representative I, CSLB	Continuous Filing
	Enforcement Supervisor I	Exam Planning scheduled for Spring 2014
	Consumer Services Representative	Exam will be administered April 29 – May 1, 2014
Information Technology	Assistant/Associate/Staff Information Systems Analyst	CalHR
	Systems Software Specialist I/II/III	CalHR
Licensing Division	Supervising Program Technician III	CalHR
	Program Technician series	CalHR
Testing	Test Validation and Development Specialist I/II	Continuous Filing
All CSLB	Staff Services Analyst/ Associate Governmental Program Analyst	CalHR
	Staff Services Manager series	CalHR
	Office Technician/Office Assistant	CalHR

Positions

From February 4, 2014 to April 7, 2014, CSLB had **three (3)** internal transfers, **six (6)** transfers from other state departments, **five (5)** promotions, and **seven (7)** new hires. CSLB encourages the use of Training and Development (T&D) assignments to: 1) provide employees with opportunities to broaden their work experience and skills; 2) prepare employees for career advancement and future promotion; or 3) facilitate entry into new occupational fields.

As of April 7, 2014, CSLB had **36** vacant positions:

DIVISION	AUTHORIZED PY'S	BLANKET 12-03	VACANCIES
Administration	30	1	1
Enforcement	210	11	17
Executive	13	.5	2
Information Technology	24	0	5
Licensing	97.5	7	8
Testing	25	1	3

**BUSINESS SERVICES UPDATE****Space/Leasing/Facilities**

- BERKELEY – Oakland Office relocated to Berkeley at a \$6,600/month cost savings.
- MONTEREY – Facility lease has been renewed through June 30, 2017.
- HEADQUARTERS –
 - New video monitoring system installed throughout the Headquarters office; system will record any movement 24/7 within the HQ building.
 - Reconfigured modular furniture for the Human Resources, Public Counter, and Mailroom areas to accommodate additional staff and to make the areas more functional.
- SAN BERNARDINO – Prepared justification to increase office space for additional staff.
- WEST COVINA – Department of General Service is in negotiations to renew the lease for five additional years.

Contracts/Procurement

- CHP for Standby Security – In process
- West Publishing for Electronic Library Services – In process
- Purchased eight new copiers with maintenance agreements for Headquarters and field offices. These new copiers are used for coping, scanning, printing and faxing.
- Purchased and installed 15 new postage/mail machines for Headquarters and field offices, including maintenance agreements for the mail machines and rental agreements for the postage machines.
- Purchased new chairs for Headquarters conference rooms and hearing room.
- Purchased new ergonomic chairs for Headquarters office.

IWAS

- Beginning March 24, 2014, the capability of scanning in color went into production, primarily for transcripts. The need for color became a concern when applicants' school transcripts were not clearly legible by our scanners under their previous settings due to water marks on the documents. Legible transcripts are most important to our Licensing division so give proper credit can be given to an applicant for experience purposes.

Fleet

- CSLB is waiting for DGS to approve DCA's Vehicle Acquisition Plan to purchase 2 vehicles for Enforcement (1 for Sac South IC and 1 for Sac North IC)



Mailroom

- The Mailroom is developing enhanced procedures to improve the tracking of overnight mail shipments (i.e., FedEx, UPS, Golden State Overnight, USPS Priority Overnight, etc.). This will improve service to licensees and DCA staff by locating important, expedited documents more quickly.



INFORMATION TECHNOLOGY UPDATE

BreEZe:

Department of Consumer Affairs (DCA) continues to work with Accenture and the Release One boards to ensure that the BreEZe system is meeting operational needs according to system requirements or modifications.

Meetings are being conducted with Release Two boards/committees to discuss BreEZe functionality, business needs, configuration, and data conversion.

The boards/committees in Release Two are:

- Dental Board
- Dental Hygiene Committee
- Board of Occupational Therapy
- Board of Optometry
- Pharmacy Board
- Physical Therapy Board
- Veterinary Medical Board and Veterinary Technician Examining Committee
- Board of Vocational Nursing and Psychiatric Technicians
- Bureau of Security and Investigative Services

CSLB staff continues to prepare for the Phase Three release by working on data conversion clean up; system documentation; and conducting meetings with other CSLB staff to discuss specific BreEZe requirements. CSLB IT staff continues to help DCA by assisting other boards and bureaus with Data Validation and Acceptance Testing.

After all three releases are complete, BreEZe will be the largest enterprise licensing and enforcement solution in the world.

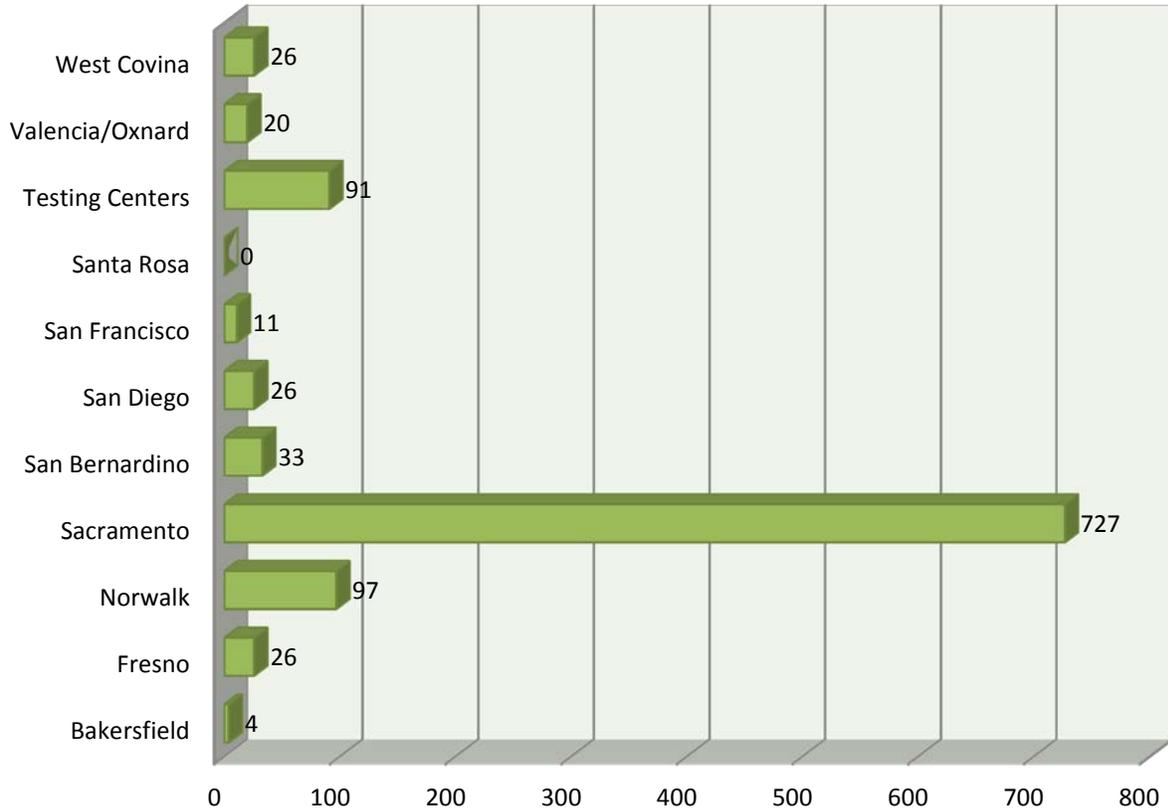
IT Service Desk

CSLB's IT Service Desk Technical staff resolves Level -1 and Level -2 IT issues for the board. CSLB employees who need assistance with their desktops, laptops, printers, faxes, phones, etc. generate a ticket via phone or the CSLB intranet site. Incoming tickets are reviewed and assigned within 15 minutes. The average Level-1 ("user down") priority tickets are resolved or fixed in under 30 minutes and Level-2 more complex tickets are resolved in approximately 60 minutes.

During the first quarter of 2014, a total of 1,061 tickets (778 online and 283 via phone/walk-in) were processed by the IT Service Desk.



CSLB IT Service Desk - Jan '14 - Mar '14



Interactive Voice Response (IVR) System

CSLB's IVR is an interactive, self-directed telephone system that is a valuable source of information for consumers, contractors, and others. It provides callers with the ability to request forms or pamphlets that are immediately faxed to them. Callers can look up a license, and applicants can check the status of their exam application. The IVR provides consumers with information on how to file complaints as well as how to become a licensed contractor. In addition to providing information, the IVR gives callers an option to speak to call center agents in Sacramento or Norwalk. During the January 2014 through March 2014 period, CSLB's IVR handled a total of 118,834 calls, which is an average of 39,611 calls a month; the system is available 24 hours a day, seven days a week.

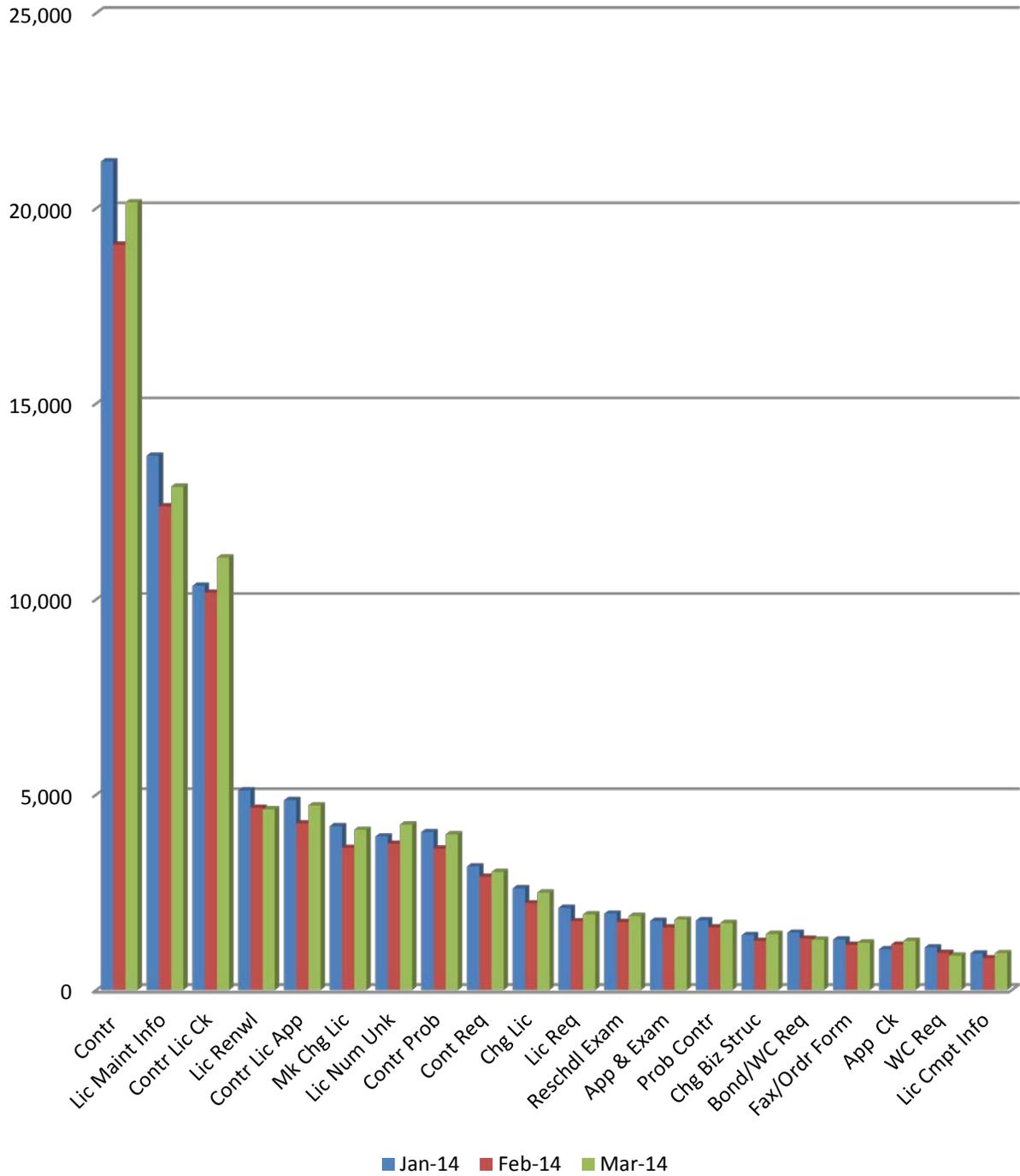
There are dozens of possible menu options within the IVR system; following is a representative sample of the top 20 IVR requests during the first quarter of 2014.

**Top 20 IVR Requests - Jan '14 - Mar '14**

	Abbreviation	Jan-14	Feb-14	Mar-14
Contractor or Want to Become Contractor	Contr	21,195	19,065	20,146
Info on Maintaining or Changing License	Lic Maint Info	13,663	12,365	12,867
Contractor's License Check	Contr Lic Ck	10,342	10,167	11,063
About License Renewal	Lic Renwl	5,106	4,657	4,621
Contractor License Application	Contr Lic App	4,854	4,258	4,719
About Making Changes to License	Mk Chg Lic	4,189	3,637	4,096
License Number Not Known	Lic Num Unk	3,928	3,738	4,229
Hire or Problem with Contractor	Contr Prob	4,040	3,616	3,982
About Continuing Requirements	Cont Req	3,160	2,898	3,015
For Changes to Existing Licenses	Chg Lic	2,601	2,216	2,490
License Requirements	Lic Req	2,102	1,757	1,930
Reschedule Exam Date	Reschdl Exam	1,953	1,739	1,891
General Application & Examination Info	App & Exam	1,764	1,597	1,800
Info on Problems with Contractor	Prob Contr	1,777	1,600	1,712
For Changing the Business Structure of an Existing License	Chg Biz Struc	1,399	1,255	1,432
Info about Bond or Workers' Comp Requirements	Bond/WC Req	1,464	1,313	1,283
To Fax Forms, or To Order Forms by Mail	Fax/Ordr Form	1,289	1,155	1,211
Application Status Check	App Ck	1,039	1,160	1,251
Info about Workers' Comp Requirements	WC Req	1,087	948	878
License Complaint Information	Lic Cmpt Info	932	812	939



Top 20 IVR Requests - Jan '14 - Mar '14

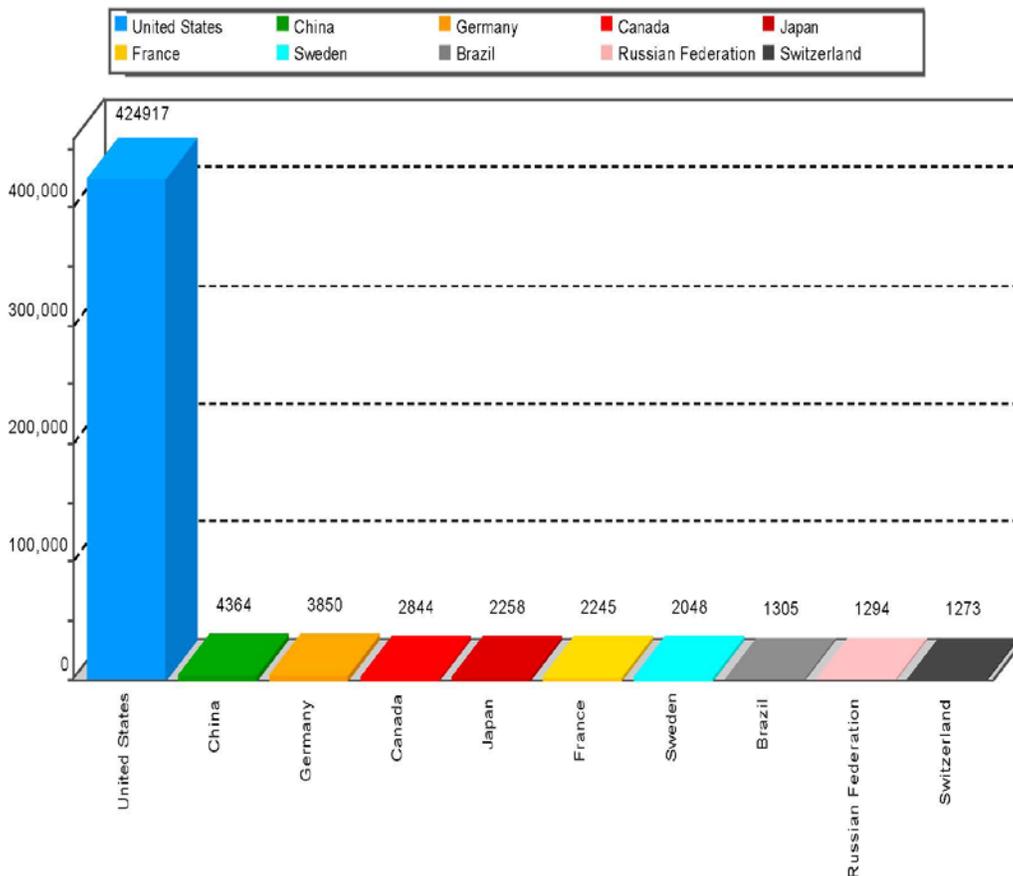




Enterprise IT Security – Firewall Hits

CSLB IT staffs maintain high security on all of its information technology systems and applications. Using multi-layer defense via various security products (firewall, anti-spam, anti-virus programs, event management and correlation tools), CSLB is proactively blocking/denying any unauthorized attempts from all sources including foreign countries. The chart below represents the top 10 countries that attempted to access CSLB systems and applications during the first quarter of 2014 and were successfully denied. To date, utilizing security best practices, CSLB IT security systems have successfully safe guarded CSLB IT assets and no unauthorized attempts have been successful.

Top 10 Countries - CSLB Firewall Hits





CONTRACTORS STATE LICENSE BOARD

BUDGET UPDATE

FISCAL YEAR (FY) 2013-14 CSLB BUDGET AND EXPENDITURES

Through February 28, 2014, CSLB spent or encumbered \$38.6 million, roughly 63 percent of its FY 2013-14 budget. The following chart provides a summary of the FY 2013-14 CSLB budget, along with the expenditures through February 2014:

EXPENDITURE DESCRIPTION	FY 2013-14 FINAL BUDGET	FEBRUARY 2014 EXPENSES	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES				
Salary & Wages (Staff)	21,740,723	13,771,610	7,969,113	36.7%
Board Members	15,900	8,300	7,600	47.8%
Temp Help	860,000	376,249	483,751	56.3%
Exam Proctor	41,168	74,739	-33,571	-81.5%
Overtime	146,000	123,179	22,821	15.6%
Staff Benefits	9,604,982	6,241,111	3,363,871	35.0%
TOTALS, PERSONNEL	32,408,773	20,595,188	11,813,585	36.5%
OPERATING EXPENSES AND EQUIPMENT				
Operating Expenses	20,378,610	14,895,824	5,482,786	26.9%
Exams	435,882	209,687	226,195	51.9%
Enforcement	8,404,238	3,184,521	5,219,717	62.1%
TOTALS, OE&E	29,218,730	18,290,032	10,928,698	37.4%
TOTALS	61,627,503	38,885,220	22,742,283	36.9%
Scheduled Reimbursements	-353,000	-140,179	-212,821	
Unscheduled Reimbursements		-169,655	169,655	
TOTALS, NET REIMBURSEMENTS	61,274,503	38,575,386	22,699,117	37.0%

REVENUE

CSLB received the following revenue amounts through February 28, 2014:

Revenue Category	Through 02/28/2014	Percentage of Revenue	Change from prior year (02/28/2013)*
Duplicate License/Wall Certificate Fees	\$63,145	0.2%	4.6%
New License and Application Fees	\$6,354,034	16.4%	0.3%
License and Registration Renewal Fees	\$29,179,786	75.4%	2.2%
Delinquent Renewal Fees	\$2,062,938	5.3%	17.4%
Interest	\$33,742	0.1%	0.0%
Penalty Assessments	\$947,951	2.4%	39.9%
Misc. Revenue	\$74,501	0.2%	0.9%
Total	\$38,716,097	100.00%	3.2%

* Exception is License & Renewals are based on a two-year cycle (data is from 2/29/12 a non-peak renewal year).



CSLB FUND CONDITION

Below is the fund condition for the Contractors' License Fund, which shows the final FY 2012-13 reserve (over \$28 million – approximately 6 months' reserve), along with the projected reversion amounts for FY 2013-14 through FY 2015-16:

	Final FY 2012-13	Projected CY 2013-14	Projected BY 2014-15	Projected BY+1 2015-16
Beginning Balance	\$26,677	\$28,953	\$22,973	\$17,166
Prior Year Adjustment	\$645	\$0	\$0	\$0
Adjusted Beginning Balance	\$27,322	\$28,953	\$22,973	\$17,166
Revenues and Transfers				
Revenue	\$55,587	\$55,571	\$56,146	\$55,696
Transfer from General Fund				
Totals, Resources	\$82,909	\$84,524	\$79,119	\$72,862
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$53,627	\$61,275	\$61,903	\$62,579
State Controller (State Operations)	\$36	\$3		
Financial Info System Charges	\$293	\$273	\$50	
Total Expenditures	\$53,956	\$61,551	\$61,953	\$62,579
Fund Balance				
Reserve for economic uncertainties	\$28,953	\$22,973	\$17,166	\$10,283
Months in Reserve	5.6	4.4	3.3	2.0

Notes:

- 1) All dollars in thousands
- 2) Revenue assumes 1% interest earned
- 3) Assumes expenditure growth projected at 1% starting in FY 2014-15 and then ongoing
- 4) Assumes Workload and Revenue Projections are realized for FY 2013-14 to 14-15

CSLB FY 2014-15 PROPOSED BUDGET CHANGE PROPOSAL (BCP)

The proposed CSLB FY 2014-15 BCP requesting additional resources (4.0 positions and redirected funding) for the Subsequent Arrests and Convictions Unit within the Enforcement division was approved by the Department of Finance. The proposal still must go through Legislative hearings in the spring and ultimately be included in the FY 2014-15 Budget Act.

**CONSTRUCTION MANAGEMENT EDUCATION ACCOUNT (CMEA) FY 2013-14
BUDGET AND EXPENDITURES**

Through February 28, 2014, CMEA expended roughly \$6,000 in pro rata charges and awarded \$76,000 in grant awards. The following chart provides a summary of the FY 2013-14 CMEA budget, along with expenditures through February 2014:

EXPENDITURE DESCRIPTION	FY 2013-14 BUDGET	FEBRUARY 2014 EXPENSES	BALANCE	% OF BUDGET REMAINING
OPERATING EXPENSES AND EQUIPMENT				
Operating Expenses	15,215	0	15,215	100.0%
Pro Rata	7,785	5,839	1,946	25.0%
TOTALS, OE&E	23,000	5,839	17,161	74.6%
GRANT AWARDS				
Grant Awards	150,000	75,987	74,013	49.3%
TOTALS, GRANT AWARDS	150,000	75,987	74,013	49.3%
TOTALS	173,000	81,826	91,174	52.7%

CMEA FUND CONDITION

Below is the CMEA fund condition, which shows the final FY 2012-13 reserve (\$165,000 – approximately 15 months' reserve), along with the projected reversion amounts for FY 2013-14 through FY 2015-16:

	Final FY 2012-13	Projected CY 2013-14	Projected BY 2014-15	Projected BY+1 2015-16
Beginning Balance	\$ 259	\$ 165	\$ 84	\$ 4
Prior Year Adjustment	\$ (7)	\$ 0	\$ 0	\$ 0
Adjusted Beginning Balance	\$ 252	\$ 165	\$ 84	\$ 4
Revenues and Transfers				
Revenue	\$48	\$54	\$54	\$54
Totals, Resources	\$ 300	\$ 219	\$ 138	\$ 58
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$14	\$13	\$13	\$13
Local Assistance Grant Disbursements	\$121	\$121	\$121	\$121
13-14 Fi\$cal Assessment		\$1		
Total Expenditures	\$ 135	\$ 135	\$ 134	\$ 134
Fund Balance				
Reserve for economic uncertainties	\$ 165	\$ 84	\$ 4	\$ (76)
Months in Reserve	14.7	7.5	0.4	-6.8

Notes:

- 1) All dollars in thousands.
- 2) Revenue assumes 1% interest earned.



CONTRACTORS STATE LICENSE BOARD

STATISTICS SUMMARY

Applications Received

	2010-11	2011-12	2012-13	2013-14
July	2,966	2,082	2,564	2,850
August	3,137	2,801	2,786	3,084
September	2,904	2,572	2,408	2,682
October	2,702	2,688	2,857	2,719
November	2,852	2,257	2,431	2,435
December	2,531	2,269	2,266	2,315
January	2,705	2,599	2,736	2,832
February	2,973	2,884	2,780	3,030
March	3,534	3,345	3,003	2,954
Total	26,304	23,497	23,831	24,901
			<i>% Change from Prior FY</i>	4.5%

Original Licenses Issued

	2010-11	2011-12	2012-13	2013-14
July	1,134	1,278	925	1,008
August	1,138	1,395	1,013	845
September	1,140	1,247	1,249	1,023
October	1,067	1,055	1,138	970
November	1,108	885	762	759
December	1,089	1,021	922	812
January	1,106	935	1,095	971
February	1,108	945	692	819
March	1,459	1,304	1,152	921
Total	10,349	10,065	8,948	8,128
			<i>% Change from Prior FY</i>	-9.2%

Licenses Renewed

	<i>PEAK</i> 2010-11	2011-12	<i>PEAK</i> 2012-13	2013-14
July	13,287	9,291	11,125	11,751
August	10,710	11,856	11,273	9,313
September	10,816	9,863	9,868	8,016
October	9,772	9,634	10,167	8,481
November	8,364	8,373	8,988	8,674
December	10,365	8,828	7,335	8,672
January	9,552	9,850	11,439	10,279
February	9,377	9,062	8,108	10,294
March	10,778	12,405	10,449	9,305
Total	93,021	89,162	88,752	84,785
			<i>% Change from Non-Peak FY 2011-12</i>	-4.9%



HIS Registrations Renewed

	2010-11	2011-12	2012-13	2013-14
July	132	99	115	150
August	110	139	180	150
September	113	114	130	101
October	82	120	136	152
November	117	89	104	143
December	100	121	100	124
January	131	113	132	140
February	154	155	164	140
March	124	181	171	179
Total	1,063	1,131	1,232	1,279
			<i>% Change from Prior FY</i>	<i>3.8%</i>

License Population by Status

	March 2012	March 2013	March 2014
Active	233,108	225,880	222,819
Inactive	67,962	66,400	64,206
Subtotal	301,070	292,280	287,025
Other /1*	431,085	450,553	465,101
Expired	370,670	387,167	399,018
Expired % of Other	86.0%	85.9%	85.8%
Grand Total	732,155	742,833	752,126

* Other/1 includes the following license status categories: cancelled, cancelled due to death, expired, or revoked.

HIS Registration Population by Status

	March 2012	March 2013	March 2014
Active	8,554	8,917	9,389
Other	81,052	84,481	87,711
Total	89,606	93,398	97,100

**Complaints By Fiscal Year**

	2009-10	2010-11	2011-12	2012-13
Received	19,876	21,320	19,239	18,101
Reopened	1,010	1,076	1,094	844
Closed	21,532	22,483	20,366	19,118
Pending (As of June 30)	3,958	3,891	3,901	3,762

CSLB Position Vacancies

	March 2013	March 2014
Administration	2.0	1.0
Executive/Public Affairs	0.0	2.0
IT	4.0	6.0
Licensing	8.0	9.0
Enforcement	16.0	18.0
Testing	3.0	4.0
Total	33.0	40.0

AGENDA ITEM F

Legislation



AGENDA ITEM F-1

Review and Approval of April 16, 2014 Legislative Committee Summary Report



AGENDA ITEM F-2

Review and Approval of Committee's
Recommended Position for AB 1702,
AB 2165, AB 2396, SB 1467



CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: AB 1702 (Maienschein)
Status/Location: Introduced (2/13/14) – Assembly Committee on Business, Professions and Consumer Protection
Sponsor: AFSCME
Subject: Professions and Vocations: Incarceration
Code Section: Business and Professions Section 480.5

Summary:

Existing law establishes criteria to qualify for a license and authorizes denial of a license if the applicant has been convicted of a crime that is substantially related to the qualifications, functions, or duties of the profession.

This bill:

1. Provides that an applicant who satisfied the requirements to obtain a license while incarcerated, and that applies upon release, that is otherwise eligible for a license, shall not be subject to a delay in his or her application or a denial solely based on the prior incarceration.
2. Specifies that this change does not apply to substantially related convictions.
3. Does not apply to a petition for reinstatement of a license.

Background:

According to the author's office, recidivism is a major problem in California, where the recidivism rate has hovered near two-thirds. Unfortunately, current law penalizes inmates who seek to make better lives for themselves. Those who have learned vocational skills such as cosmetology and auto repair while behind bars are often required to wait extended periods of time before being allowed to apply for a license in their new profession. This is because the law gives licensing boards the power to impose additional restrictions on those who have been convicted of a crime. Assembly Bill 1702 would ensure that offenders who have completed all necessary requirements to obtain a professional license are able to do so without being penalized for their prior crimes. This bill does not remove current provisions restricting individuals from receiving a license in a profession that is substantially related to the crime for which they were convicted.

Comments:

The impact this bill would have on CSLB's licensing process is unclear. CSLB does not deny a license because an applicant was incarcerated, as referred to in this bill's provisions. CSLB would deny an application if the conviction that resulted in incarceration was substantially related to the qualifications, functions, or duties of a licensee and if the conviction evidences present or potential unfitness of an applicant or licensee to perform the functions authorized by the licensee in a manner consistent with the public health, safety and welfare. (CSLB regulations, Section 866).

CSLB regulations (Section 869) further provide the criteria for evaluating whether or not an applicant has been rehabilitated.

CSLB began fingerprinting applicants in January 2005. The percentage of all fingerprinted applicants who have a conviction of any kind is approximately 17.7%. Of those, only approximately 2.3% are actually denied, which is 0.4% of the total applicant population.

Prior Legislation:

AB 2423 (Bass, Chapter 675, Statutes of 2008) authorizes specified boards and bureaus (not CSLB) under the Department of Consumer Affairs when considering the issuance of a probationary license or registration to request an applicant with a prior criminal history to provide proof of dismissal. The bill requires boards to develop standard terms of probation, authorizes these boards to revoke, suspend, or deny at any time any required license or registration, and requires these boards to provide a specified statement of reasons for the denial and, if applicable, a copy of the applicant's criminal history record.

AB 1025 (Bass, 2007) would have provided that an applicant for a license with a board of the Department of Consumer Affairs may not be denied licensure, or may not have their license suspended or revoked, solely on the basis that he or she has been convicted of a felony or misdemeanor if they have obtained a certificate of rehabilitation, as specified, and if the felony or misdemeanor conviction has been dismissed, it shall be presumed that the applicant or licensee has been rehabilitated unless the board proves otherwise. The Governor vetoed this bill, stating:

This bill could jeopardize the public health, safety, and welfare in a well-intentioned but flawed attempt to permit individuals convicted of crimes to work in a regulated profession. I am concerned that this bill goes too far in taking away a licensing entity's discretion to deny a license or take other licensing actions, even if it is in the best interest of the state's consumers. The State of California licenses various professions in order to protect consumers from unqualified, dangerous, or unscrupulous individuals. All statutes establishing licensing programs mandate that the protection of the public is the highest priority and that "whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount."

AB 1025 creates a presumption of rehabilitation based on an expungement of a conviction. This is problematic for two reasons. First, expungement is not intended to be indicative of rehabilitation. Second, this provision places the burden of proof on state licensing bodies to show that an individual is not rehabilitated, which would result in increased litigation and extensive investigations.

Fiscal Impact for CSLB:

Pending.

Staff Recommendation and Comments:

WATCH. Staff recommends CSLB watch this bill, to see if it is amended to have a more significant impact on CSLB.

Date: April 2, 2014

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: AB 2165 (Patterson)
Status/Location: Introduced (2/20/14) – Assembly Committee on Business, Professions and Consumer Protection
Sponsor: Author
Subject: Professions and Vocations: Licenses
Code Section: Business and Professions Section 101.8

Summary:

Existing law requires boards within the Department of Consumer Affairs (DCA) to establish eligibility and application requirements, including examinations, to license, certify, or register each applicant who successfully satisfies applicable requirements.

This bill requires every board to:

1. Complete the application review process within 45 days and issue the applicant a license if he/she has satisfied all of the applicable licensing requirements; and
2. Offer a required licensing exam at least six times per year.

Comments:

Contractors State License Board (CSLB) regulations (Section 827) detail the timeframe for processing applications. CSLB is required to notify an applicant within 60 days of receipt of an application whether or not it is complete and has been referred for exam, or if it is deficient and what additional information is required. CSLB is required to decide within 115 days after an application that has been referred for exam, whether an applicant meets the requirements for licensure. This 115-day period will be extended by 60 days if the application must be investigated.

CSLB offers licensing exams daily at eight test centers throughout the state; therefore, would not be impacted by the second requirement.

Background:

According to the author, professional and vocational applicants are currently experiencing extraordinary delays with application processing times. AB 2165 does not alter any of the qualifications established by each board under DCA's jurisdiction. It does require that each board process and issue licenses or certificates within a much more reasonable time period—45 days from the date the complete application was filed, if the individual has met all the requirements of the application and testing within that 45-day period.

Comments:

CSLB's Licensing division believes that the board is able to comply with this bill in most cases. CSLB currently reviews applications prior to 45 days and if all requirements are met, i.e., correct application, passing the exam, fingerprint clearance, bond, workers' compensation insurance, license fee, etc., the board can issue the license shortly

thereafter. However, many applications are rejected for a variety of reasons: many applicants have to take the exam more than once; CSLB may experience delays related to fingerprinting; or the board may have to conduct an experience verification/investigation required to verify the claimed experience. In those circumstances, CSLB completes the initial application review process, but the application cannot yet be accepted.

Also, when CSLB transitions to BreEZe, there likely will be a significant learning curve for staff at the beginning, which could result in significant delays early in the transition.

For Fiscal Year 2012-13:

AVERAGE PROCESSING TIME RECEIVED DATE TO ISSUANCE*	
APP TYPE	AVERAGE DAYS TO PROCESS
Original Exam	156
Original Waiver	74
Original – Exam & Waiver Combined	117
Add Class	93
Qualifier Replacer	63
Add Class & Replacer Combined	78
HIS	64
Officer Change	49

*Average processing times include review for acceptability; rejection of application for any necessary correction(s); after posting - required DOJ/FBI criminal background clearance; allowable 18-month time period to pass exam(s); and submittal of all issuance requirements.

**Fiscal Impact for CSLB:
Pending.**

Staff Recommendation and Comments:

OPPOSE. There is not a problem identified with CSLB applications that this bill would solve. CSLB does not believe the bill would provide any additional benefit.

Date: March 28, 2014

CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: AB 2396 (Bonta)
Status/Location: Amended (3/28/14) – Assembly Committee on Business, Professions and Consumer Protection
Sponsor: Alameda County
Subject: Convictions: Expungement: Licenses
Code Section: Business and Professions Code Section 480

Summary:

Existing Law:

1. Authorizes a board within the Department of Consumer Affairs (DCA) to deny, suspend, or revoke a license on various grounds, including, but not limited to, conviction of a crime if the crime is substantially related to the qualifications, functions, or duties of the business or professions for which the licensed was issued.
2. Permits a defendant to withdraw his or her plea of guilty or plea of nolo contendere and enter a plea of not guilty in any case in which a defendant has fulfilled the conditions of probation for the entire period of probation, or has been discharged prior to the termination of the period of probation, or has been convicted of a misdemeanor and not granted probation and has fully complied with and performed the sentence of the court, or has been sentenced to a county jail for a felony, or in any other case in which a court, in its discretion and the interests of justice, determines that a defendant should be granted this or other specified relief.

This bill would provide that a person may not be denied licensure based solely on a criminal conviction that has been dismissed pursuant to Penal Code sections 1203.4, 1203.4a, or 1203.41. (These sections of law set forth conditions under which certain convictions may be expunged or otherwise set aside by the court, as described above).

Background:

According to the author, boards within DCA may deny a professional license based on an applicant's criminal conviction, even if the conviction has been dismissed. When applying for employment with a private company, applicants are not required to disclose a dismissed record as part of the hiring process. Boards under DCA should similarly reward rehabilitation and reduce recidivism by precluding consideration of dismissed records.

Dismissal of a conviction is only available to those who have successfully completed probation and paid all restitution and fines. It is not available to those who have been sentenced to prison or to those who have committed certain crimes, including most sex offenses.

Prior Legislation:

AB 1025 (Bass, 2007) would have provided that an applicant for a license with a board of the Department of Consumer Affairs may not be denied licensure, or may not have their license suspended or revoked solely on the basis that he or she has been convicted of a felony or misdemeanor, if they have obtained a certificate of rehabilitation, as specified. , and the felony or misdemeanor conviction has been dismissed, it shall be presumed that the applicant or licensee has been rehabilitated unless the board proves otherwise. The Governor vetoed this bill, stating:

This bill could jeopardize the public health, safety, and welfare in a well-intentioned but flawed attempt to permit individuals convicted of crimes to work in a regulated profession. I am concerned that this bill goes too far in taking away a licensing entity's discretion to deny a license or take other licensing actions, even if it is in the best interest of the state's consumers. The State of California licenses various professions in order to protect consumers from unqualified, dangerous, or unscrupulous individuals. All statutes establishing licensing programs mandate that the protection of the public is the highest priority and that "whenever the protection of the public is inconsistent with other interests sought to be promoted, the protection of the public shall be paramount."

AB 1025 creates a presumption of rehabilitation based on an expungement of a conviction. This is problematic for two reasons. First, expungement is not intended to be indicative of rehabilitation. Second, this provision places the burden of proof on state licensing bodies to show that an individual is not rehabilitated, which would result in increased litigation and extensive investigations.

The Contractors State License Board (CSLB) opposed this bill, stating, "Although there may be instances where a denial of licensure under existing law represents an unfair barrier to earning a living as an employee, the all-inclusive approach of AB 1025 fails to consider those instances wherein licensure grants the right to manage the operations of an independent business, which creates a fiduciary relationship between the licensee and the consumer. For CSLB in particular, this is a most relevant and significant issue."

Fiscal Impact for CSLB:

Pending.

Staff Recommendation and Comments:

OPPOSE. This bill could result in a risk to consumers by prohibiting the denial of licensure based on convictions that have been expunged/dismissed under the Penal Code. For such cases, evidence of rehabilitation should still be considered as a condition that is prerequisite to the granting of a contractor license. This is especially true given the fiduciary relationship that is inherent between CSLB's licensees and consumers, not to mention the level of trust that consumers attribute to a contractor based upon a state-sanctioned licensing process.

Date: April 1, 2014

**CONTRACTORS STATE LICENSE BOARD
LEGISLATIVE ANALYSIS**

Bill Number: SB 1467 (Business, Professions and Economic Development Committee)
Status/Location: Introduced (3/25/14)
Sponsor: Author
Subject: Notice to Appear Authority
Code Section: Business and Professions Code Section 7011.4

Summary:

As it pertains to the Contractors State License Board (CSLB), this bill further revises Business and Professions Code section (BPC) 7011.4, to clearly provide that all CSLB enforcement representatives may issue a written notice to appear (NTA).

Comments:

CSLB sponsored legislation in 2012 (AB 2554, Berryhill, Chapter 85, Statutes of 2012) which provided all enforcement representatives (ERs) this authority. Prior to AB 2554, only ERs in CSLB's Statewide Investigative Fraud Team had the authority to issue an NTA. However, after the bill's enactment, it appeared that CSLB would need to revise its organizational structure by placing all ERs from the different enforcement units into a separate division. That would have been unwieldy; therefore, CSLB is proposing additional legislation to implement AB 2554 without having to modify its organizational structure.

The language in SB 1467 has been agreed to by the Department of Consumer Affairs.

Fiscal Impact for CSLB:

There will be no significant impact to CSLB.

Staff Recommendation and Comments:

SUPPORT. This legislation will allow CSLB to implement the expanded NTA authority without the need to modify its organizational structure, and will benefit consumers and licensees by providing an opportunity to refer more criminal complaints to prosecutors through NTAs.

This will enhance CSLB's enforcement efforts by allowing investigators in CSLB Investigative Centers to issue NTAs and Stop Orders so that they can partner with the California Department of Insurance and the Premium Insurance Fraud Task Force to combat unlicensed and uninsured practice.

Date: March 28, 2014

AGENDA ITEM F-3

Review and Approval of Recommended Position on AB 1918



CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: AB 1918 (Williams)
Status/Location: Amended 3/26/14 – Assembly Utilities and Commerce Committee
Sponsor: Natural Resources Defense Council
Subject: Central Heating and Air Cooling Equipment
Code Section: Public Resources Section 25402.12 and Public Utilities Section 381.3

Summary:

Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to prescribe, by regulation, building design and construction standards and energy and water conservation design standards for new residential and non-residential buildings.

This bill:

1. Requires the Energy Commission, in consultation with the Contractors State License Board (CSLB), local building officials, and other stakeholders to develop a system to track central heating and air cooling equipment sales and installations in the state.
2. Requires the Public Utilities Commission (PUC) to establish, by January 1, 2016, an incentive program for contractors and local governments to improve the verification of building code compliance and acceptance of central heating and air cooling systems following installation. The incentives may include all of the following:
 - (a) Funding for training and certifications for installers and building officials
 - (b) Technical and financial support to establish performance protocols necessary to verify performance compliance of air conditioner appliance systems
 - (c) Financial or other support to assist local agencies to help expedite permitting

Background:

According to the author, when Title 24 regulations are implemented by the Energy Commission, the Commission works with CSLB and other regulatory agencies to ensure compliance. Local building departments are the primary entities responsible for permitting and installation inspections, but often do not have sufficient resources to find and prosecute violators.

For building code violations, there is a particularly prevalent problem of contractors, often unlicensed, who are making HVAC improvements without attaining the proper permits, so there is no way to follow up with post-installation compliance inspection. As many as 90 percent of HVAC installations go unpermitted; however, finding these unpermitted projects is extremely difficult, thus allowing bad actors to continue doing work that often undercuts the business of licensed contractors who are following proper procedures.

Additionally, California building codes are progressively becoming more complex, necessitating more training and education for building officials performing permitting, plan-checking, and inspections. Providing this education in tandem with incentives for beyond-code performance will motivate both local building departments and contractors to prioritize energy efficiency performance in their day-to-day operations.

AB 1918 is needed to ensure that reported energy savings are real, consumers who purchase services for home improvement are protected, and businesses that provide energy efficiency services are operating on a level playing field.

Fiscal Impact for CSLB:

No impact.

Staff Recommendation and Comments:

SUPPORT. This bill would provide a significant benefit to CSLB's Enforcement division. Contractors in this specialty classification have one of the worst building permit compliance rates of all trades; studies have shown a compliance rate of less than 10 percent.

As introduced, this bill would have required CSLB to develop a system to track air conditioner appliance sales and installations in the state and to ensure that air conditioner appliance systems are installed according to applicable building code and with the necessary permits. That language was amended out of the bill and it no longer directly impacts CSLB.

Date: April 9, 2014

AGENDA ITEM G

Licensing



AGENDA ITEM G-1

Review and Take Action on the Regulatory Proposal to Adopt Class C-22 - Asbestos Abatement Contractor (California Code of Regulations [CCR] Section 832.22) and Asbestos Classification and Certification Limitations and Examination Requirement (CCR Section 833)





REGULATORY PROPOSAL TO ADOPT CLASS C-22 – ASBESTOS ABATEMENT CONTRACTOR LICENSE

(California Code of Regulations [CCR] Section 832.22) and Asbestos Classification and Certification Limitations and Examination Requirement (CCR Section 833)

At its September 6, 2013 meeting, the Board gave preliminary approval of the proposed language for a new asbestos abatement classification.

Applicants for the C-22 Asbestos Abatement contractor license would be required to satisfy experience and examination requirements, and C-22 licensees would be required to be registered by the Department of Industrial Relations' Division of Occupational Safety and Health (DOSH). The new stand-alone asbestos classification would not take the place of the existing CSLB asbestos certification that is established in Business and Professions Code section 7058.5. Contractors who perform asbestos work within their licensed trade(s) would not need to obtain a separate C-22 license if they hold the CSLB certification and are DOSH-registered.

A public comment hearing regarding the proposed regulatory action for the C-22 Asbestos Abatement classification was held on March 25, 2014, at CSLB's Sacramento headquarters. Multiple comments were received both in support of and in opposition to the proposed language. Staff is reviewing and responding to the comments and anticipates proposing a 15-day Notice of Modified Text to make minor changes to the originally proposed language as a result of some of the comments.

At this meeting, staff will distribute a summary of the comments and a draft of the Final Statement of Reasons that addresses the issues presented in the comments, where necessary.

The Board is asked to approve the proposed 15-day Notice of Modified Text and to delegate authority to the Registrar to proceed with the regulatory process, including the ability to make minor non-substantive changes to the language, if necessary.

Following Board action, the C-22 proposal will be reviewed by the Department of Consumer Affairs and the Office of Administrative Law.

AGENDA ITEM H

Enforcement



AGENDA ITEM H-1

Review and Approval of April 1, 2014, Enforcement Committee Summary Report





ENFORCEMENT COMMITTEE MEETING

April 1, 2014
Sacramento, CA

A. CALL TO ORDER

Enforcement Committee Chair Ed Lang called the Enforcement Committee meeting to order at 1:30 p.m. in the John C. Hall Hearing Room, located at CSLB Headquarters, 9821 Business Park Drive, Sacramento, California 95827.

Enforcement Committee Members Present:

Ed Lang, Chair
John O'Rourke
Frank Schetter

Enforcement Committee Members Absent:

Linda Clifford
Robert Lamb
Bruce Rust

Other Board Members Present:

Joan Hancock
David Dias
Nancy Springer

Board Staff Present:

Stephen Sands, Registrar
Cindi Christenson, Chief Deputy Registrar
Kurt Heppler, DCA Legal Affairs
David Fogt, Enforcement Chief
Karen Robinson, Licensing Chief
Laura Zuniga, Legislative Chief
Rick Lopes, Public Affairs Chief
Christina Delp, Enforcement Deputy Chief
Tom O'Hair, Public Affairs Staff
Steve Breen, Public Affairs Staff
Scott Weber, Enforcement Staff
Missy Vickrey, Enforcement Staff
Doug Galbraith, Enforcement Staff
Ana Rodriguez, Enforcement Staff
Marco Bautista, Enforcement Staff
Jose Barajas, Enforcement Staff
Joseph Martinez, Enforcement Staff
Jeff Miller, Enforcement Staff
Jane Flint, Enforcement Staff
Blake Williams, Enforcement Staff

Others Present:

Rick Clements, Contractor, Pool Builders Inc.
Maureen Kirk, Butte County Supervisor
Richard Markuson, Pacific Advocacy Group
Jose Vera
Beverly Carr, Politico Group
Sharon Hilke, PDCC
David Murillo, CALPASC
Rick Pires, Basic Crafts
Phil Vermeulen, Governmental Relations Advocate

B. PUBLIC COMMENT SESSION

Contractor Rick Clements recognized the efforts of CSLB's Enforcement division collaboration with Butte County to establish the "Eyes on Site" program. Mr. Clements requested that the Board provide an additional 500 laminated cards for distribution by building departments, and if the program is successful that the Board consider expanding it to neighboring counties.

C. ENFORCEMENT PROGRAM UPDATE

Enforcement Chief David Fogt provided the Enforcement Program Update. He provided highlights for the Intake and Mediation Center (IMC) and updated the committee on a recent meeting with the Better Business Bureau (BBB). The BBB stated concern about an increase in the amount of predatory heating & repair scams. CSLB will be working with BBB to address the unscrupulous contractors. Investigative Center highlights included an update on the Avi Goslan case, where an elderly homeowner will have his home returned after being manipulated by Simon Cohen, a co-conspirator. Cohen was sentenced to 12 years in state prison and ordered to pay \$500,000 in restitution to his victims.

Enforcement Deputy Chief Christina Delp provided a summary of the recent spring California Blitz and commended staff on an impressive 121 arrests.

Training Coordinator Doug Galbraith provided an overview of the CSLB Investigation Academy. As a POST-certified instructor and former CHP captain with 30 years of peace officer experience, Mr. Galbraith serves as a mentor and trainer for Enforcement staff. Chair Ed Lang commended Registrar Steve Sands for implementing the CSLB Academy.

D. REVIEW AND DISCUSSION OF CSLB PEACE OFFICER DUTIES AND RESPONSIBILITIES

Chief Fogt discussed the need to reorganize the Enforcement division's Special Investigations Unit (SIU). Currently, the Peace Officers report to different Enforcement Supervisors throughout the state. This decentralized arrangement makes it difficult to uniformly carry out policies and procedures, and hinders the ability of the Peace Officers to interact and collaborate as a group on cases that involve a wide-spread criminal element. The new unit would place all Peace Officers under the same reporting structure with an Enforcement Supervisor who directly reports to the Deputy Chief, and who will plan, organize, and direct the day-to-day statewide activities of all Peace Officers. The primary focus of the SIU is to investigate contractors that victimize many people, and to achieve felony criminal charges with local prosecutors for violations of the law (Penal Code, Business and Professions Code, Labor Code, etc.); for example, service and repair businesses that prey upon the elderly and operate unfair business practices. This activity not only harms consumers but impacts legitimate contractors and regulatory governmental agencies that are tasked with enforcing tax and insurance requirements.

**E. REVIEW OF PREVIOUSLY ESTABLISHED ENFORCEMENT PRIORITIES**

Chief Fogt provided an update on the Enforcement Prioritization chart approved by the Board in June 2013. The prioritization of complaints has assisted Enforcement staff in maintaining manageable workloads. The Committee requested that a similar chart be developed to prioritize public works complaints.

F. REVIEW AND RECOMMENDATION REGARDING 2014 ENFORCEMENT STRATEGIES

Chief David Fogt provided an overview of 2014 Enforcement Strategies. The Enforcement division has identified an increase in the numbers of complaints associated with waiver applications (no exam required). In October 2012, a review of 92 licenses obtained through a waiver application determined that 32 of those licenses received a consumer complaint within 18 months of issuance. A second review of complaint activity performed in January 2014, determined that 37 of the 92 licensees, or 40 percent, had received a consumer complaint. In an effort to address this concern, the Enforcement division would like to designate two enforcement representatives (ERs) to research and investigate suspicious waiver applications.

Chief Fogt also updated the Committee on the rise of predatory service and repair scams. These companies often target the elderly who fall victim to their predatory solicitations. The Enforcement division is proposing a solution to tackle these unscrupulous contractors. CSLB peace officers would be identified to partner with district attorneys, the Better Business Bureau, and industry partners to establish strategies and develop protocol to research and perform criminal investigation of construction-related violations committed by predatory Warm-Air Heating and Air-Conditioning contractors. Peace Officer Joseph Martinez updated the Committee on a sting he conducted the previous week that addressed these types of contractors.

Chief Fogt also provided an overview of proposed Elder Abuse and workers' compensation insurance training for CSLB's Peace Officers.

These priorities will be further discussed at the Board meeting on April 23-24, 2014.

G. ADJOURNMENT

Having no further business, Chair Ed Lang adjourned the meeting at 2:45 p.m.

AGENDA ITEM H-2

Discussion Regarding Predatory Service and Repair Contractors





Warm-Air Heating, Ventilating and Air-Conditioning Contractors

Information received through CSLB consumer complaints, district attorneys (DAs), the Better Business Bureau (BBB), and industry partners reveals that unscrupulous Warm-Air Heating, Ventilating and Air-Conditioning (HVAC) contractors are targeting consumers, especially the elderly, through telephone and direct mailing solicitations, offering maintenance services at reduced prices. Consumers lured in by these low-cost ploys are subject to the following harm by predatory contractors:

- Hard-sell tactics to obtain grossly inflated contracts;
- Additional work misrepresented as being necessary or safety-related and in need of immediate correction when, in fact, unnecessary;
- Building permits not obtained;
- Workers' compensation insurance not provided for employees, putting consumers at risk if an employee is injured on the job; and
- Failure to provide the 3-day right to rescind home improvement contracts.

Better Business Bureau Partnership

The Intake and Mediation Center (IMC) continues to receive complaints from homeowners regarding work that started out as a service and repair call and escalated to a hard sell for replacement of the system being serviced. These complaints are most commonly filed against Warm-Air Heating, Ventilation and Air-Conditioning who target consumers, especially the elderly, through telephone and direct mailing solicitations, offering maintenance services at reduced prices. Through a newly formed partnership with the Better Business Bureau (BBB), CSLB has additional access to critical information regarding unscrupulous HVAC contractors. The BBB has a complaint process where consumers provide detailed information regarding their experiences with a contractor; the BBB then addresses consumer concerns and explains the CSLB complaint process. The BBB requests voluntary actions by contractors to resolve consumer concerns and will remove their endorsement if the contractor fails to correct their business practices. Also, the BBB has given access to all complaint files to assist CSLB.

Since the Intake and Mediation Center (IMC) is first to receive a consumer complaint, it is responsible for early identification of service and repair violators, obtaining BBB information, and packaging the complaint to forward on for investigation. Highlighted below are some recent service and repair complaints received by the IMC.



HVAC Replacement Cases

- An elderly homeowner called out a contractor to diagnose an HVAC repair. The contractor made an immediate diagnosis that she needed to change her entire HVAC system including the unit, all of the ducts, vents and attic insulation. A complaint was filed by the homeowner's son who felt the contractor was preying upon his elderly mother by using scare tactics to get her to pay \$11,812.00 for all the work. The contractor charged the entire contract amount on her credit card with no 3-day right of rescission mentioned. In fact, the contractor tried to start the job the same day without a building permit. The homeowner's son stepped in and filed a complaint with CSLB. The CSR quickly intervened and eventually got the respondent to refund the entire amount of the contract through a written settlement agreement. The contractor's actions are being reviewed to see if there is sufficient evidence to move forward on an elder abuse charge.
- An elderly homeowner received an advertisement at her door for a \$99.00 furnace cleaning. During the cleaning, the contractor informed the woman that her furnace needed to be replaced at a cost of over \$4,000.00. The homeowner's son got involved and filed a complaint with CSLB. During discussion with the CSR, the son said he had another contractor inspect the unit and he indicated it was in good working condition and did not need replacement. The complaint was transferred for further investigation. The Santa Clara County District Attorney's office is following CSLB's investigation to see if an elder abuse filing is warranted.
- An elderly homeowner hired an unlicensed operator to clean her HVAC ducts. A license is not required for duct cleaning; however, the unlicensed operator told the 81-year-old she needed a new HVAC unit and took full payment up front. A complaint was filed by a licensed C-20 contractor who later was called out the homeowner's property to give an opinion on the need for the work. The licensee told the CSR that taking advantage of an 81-year-old gives licensed contractors a bad name. The contractor is currently working with the CSR to get all the documentation and then the case will be forwarded for investigation.
- An elderly homeowner thought it was a great deal to get a free duct inspection. When the technician arrived to do the inspection, he found a cracked heat exchanger that was leaking carbon monoxide. The technician quickly turned off the gas, leaving the unit inoperable during a December cold spell. While the unit was inoperable, the technician was making a hard sell to replace the unit. The homeowner's son-in-law stopped the job and filed a complaint with CSLB. The son-in-law also had the unit inspected by another contractor and it was found to be working fine. The complaint has been forwarded for investigation.



CSLB

PREDATORY SERVICE & REPAIR CONTRACTORS

Redacted sample of a predatory solicitation:

UP TO \$250
COMPANY DISCOUNT

UP TO \$500
FEDERAL TAX CREDIT

TRANE REBATE
UP TO **\$1000**

UP TO \$650
UTILITY REBATE
*REBATE MAY VARY BY LOCATION CALL FOR DETAILS.

UP TO \$2400
TOTAL REBATES

*on qualifying Hi-Efficiency Trane Heating and Cooling Equipment

HEATING & COOLING
5555 Cool Way
Warm Weather CA 55555
(555) 555-5555
Lic#555555

21 Point Furnace Tune-Up **\$69**
With this coupon only.

Item for the Board’s Consideration:

The Board is asked to approve directing designated CSLB peace officers to partner with DAs, BBB, and industry partners to establish strategies and develop protocol to research and perform criminal investigation of construction-related violations committed by predatory HVAC contractors.

AGENDA ITEM H-3

Review and Approval of Peace Officer Special Investigations Unit





CONTRACTORS STATE LICENSE BOARD

PEACE OFFICER SPECIAL INVESTIGATIONS UNIT

SPECIAL INVESTIGATIONS UNIT

The Contractors State License Board's (CSLB) mission is to protect consumers by licensing and regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters related to construction. CSLB's Enforcement division carries out this objective by enforcing laws, regulations, and standards to ensure construction activities are conducted in a fair and uniform manner.

One of the Enforcement objectives that supports this mission is to protect elderly Californians against unscrupulous contractors who maliciously take advantage of them through fraud and deception. Unseemly acts include misusing a senior's money or assets for personal gain by insisting that they contract for unnecessary construction items (heating and air-conditioning units) or service and repairs.

Since August 2011, roughly 5 percent of complaints received by CSLB (2,333 complaints against licensees and 499 complaints against non-licensees) involved a consumer that volunteered that they were aged 65 or older. Since August 2011, CSLB has submitted 107 licensee and 50 non-licensee criminal prosecution referrals for violation of California Penal Code section 368(d) (financial elder abuse) to district attorney (DA) offices. However, the Enforcement division believes this effort can be improved.

To achieve this, a reorganization of Enforcement's Special Investigations Unit (SIU) is being proposed to focus on cases that victimize the elderly. The fundamentals needed to file a successful elder abuse case with a DA are often challenging. Fortunately, CSLB's peace officers are equipped to handle cases where diminished mental capacity, manipulation, coercion, and theft are alleged and must be proved.

Under current CSLB structure, 11 peace officers report to different enforcement supervisors (ES) around the state. This decentralized arrangement makes it impossible to uniformly carry out policies and procedures, and hinders the ability of the peace officers to interact and collaborate as a group on cases that involve a criminal element. An improved arrangement would be for the Enforcement division to have one ES who provides leadership, guidance, and oversight to all of the peace officers to ensure standardized, professional conduct and methods of operation when investigating complex elder abuse cases.

Creation of the SIU will afford a focused ES the opportunity to plan, organize, and direct day-to-day statewide activities for all peace officers, especially when engaging in specific projects that include combatting elder abuse in the construction industry.

The SIU's primary assignment will be to investigate reactive cases that focus on construction-related elder abuse issues. Within the SIU will be two peace officer leads. The lead officers will serve as a resource to the ES to address police officer standards of professional conduct and appropriate methods of operation to investigate criminal cases. The lead officers also will operate as the unit's field training officers and subject matter experts in the areas of elder abuse and other construction-related criminal violations.

**Authority**

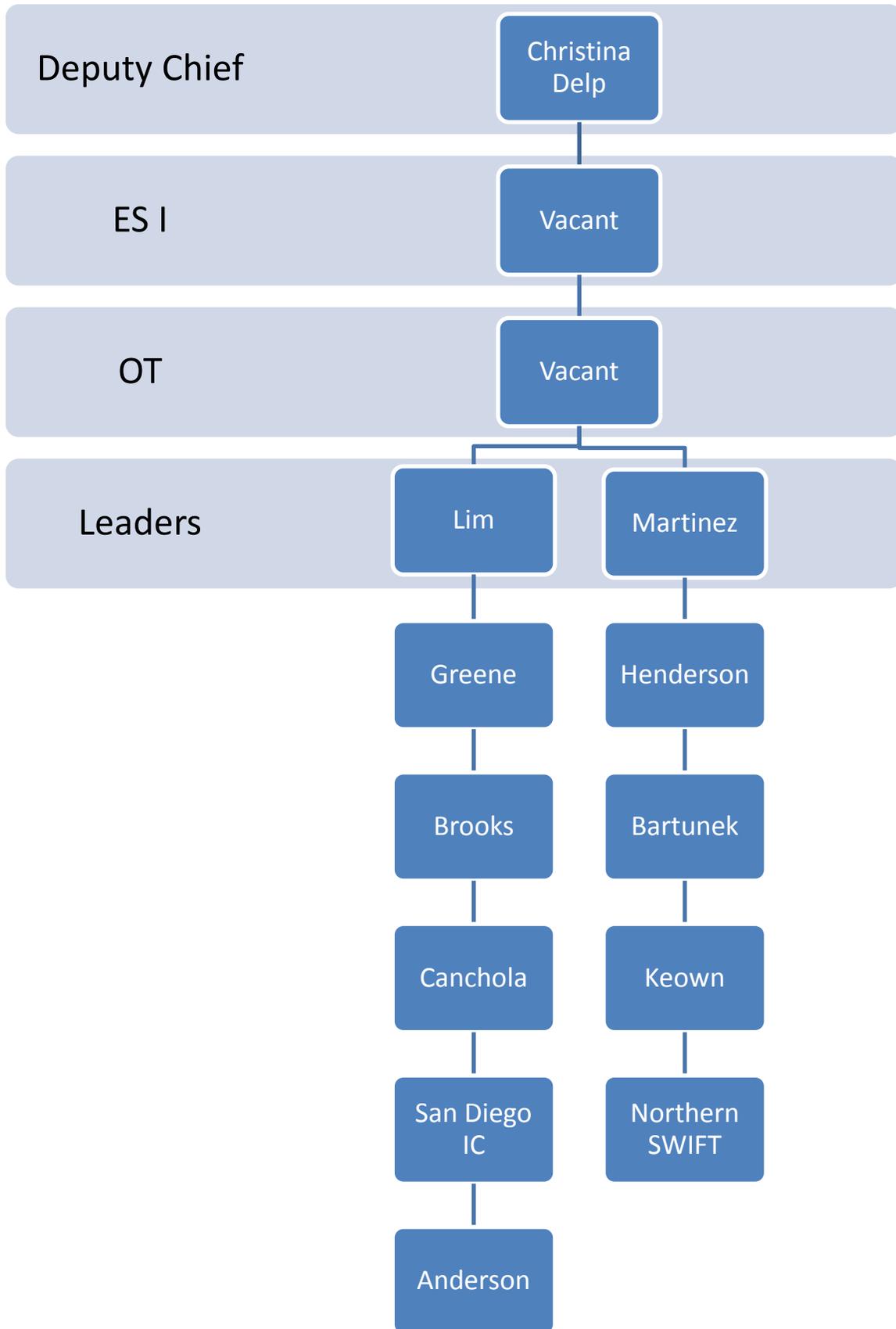
California Business and Professions Code section 7011.5 states, in part, “*persons employed as investigators of the Special Investigations Unit of the Contractors’ State License Board and designated by the Director of Consumer Affairs have the authority of peace officers while engaged in exercising the powers granted or performing the duties imposed upon them in investigating the laws administered by the Contractors’ State License Board or commencing directly or indirectly any criminal prosecution arising from any investigation conducted under these laws...*”

Program Objective

SIU will provide the continuity needed to ensure that peace officer standards of professional conduct and methods of operation are utilized to investigate and complete lengthy, complicated cases. The magnitude of criminal cases the peace officers will investigate could span district boundaries; boundaries non-peace officer enforcement representatives are normally prohibited from investigating due to the complexity and amount of time a criminal case can take to complete. Criminal cases often involve obtaining search warrants, conducting surveillance, undercover operations, examining evidence, interviewing numerous witnesses, and joint investigation efforts with partnering agencies.

Program Goals

- Investigate construction-related elder abuse cases.
- Target repeat offenders that prey upon elderly citizens.
- Become subject matter experts in the field of elder abuse.
- Increase the number of criminal case filings for elder abuse with DA offices.
- Develop ongoing relationships and approaches with partnering agencies to combat and prosecute elder abuse cases.



AGENDA ITEM H-4

Review and Approval of Peace Officer Training Curriculum





PEACE OFFICER TRAINING

Investigation of Elder Abuse and Construction-Related Criminal Activity

A peace officer concept paper is included under Agenda Item D. The Board is asked to direct staff to establish training modules for CSLB peace officers that will identify partner law enforcement agencies and prosecutors, including the California Department of Insurance (CDI), to establish strategies and enhance prosecution of construction-related elder abuse and workers' compensation insurance crimes.

Suggested modules to be developed:

- **Elder Abuse Training Module** – training designed to identify and develop protocols with partner law enforcement agencies and prosecutors to enhance criminal prosecution of predatory licensed and unlicensed contractors who prey on the elderly.
- **Workers' Compensation Insurance Training Module** – training designed to identify and develop protocols with partner law enforcement, prosecutors, and CDI to enhance criminal prosecution for workers' compensation insurance violations.

AGENDA ITEM H-5

Review and Approval of a Waiver Application Task Force





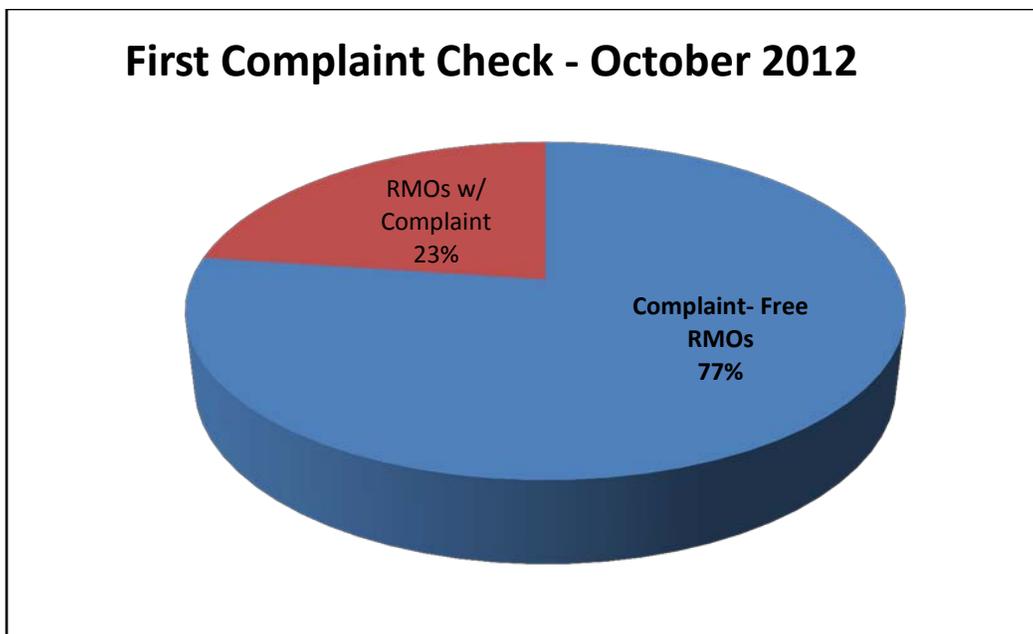
WAIVER APPLICATIONS

Staff has developed criteria to identify suspicious waiver applications (no examination required). In October 2012, a review of 92 licenses obtained through a waiver application determined that 32 of those licenses received a consumer complaint within 18 months of issuance. For comparison purposes, historically, 3 percent of CSLB's 300,000 licensed contractors receive a complaint each year. A second review of complaint activity performed in January 2014 determined that 37 of the 92 licensees who were granted waivers, or 40 percent, had received a consumer complaint.

In addition, 13 additional related entities were identified that were qualified by the same individuals, increasing the monitored population to 105 licenses. All 13 licenses received complaints during the 18-month period; therefore, 50 of the 105 licenses, or 47 percent, received a consumer complaint.

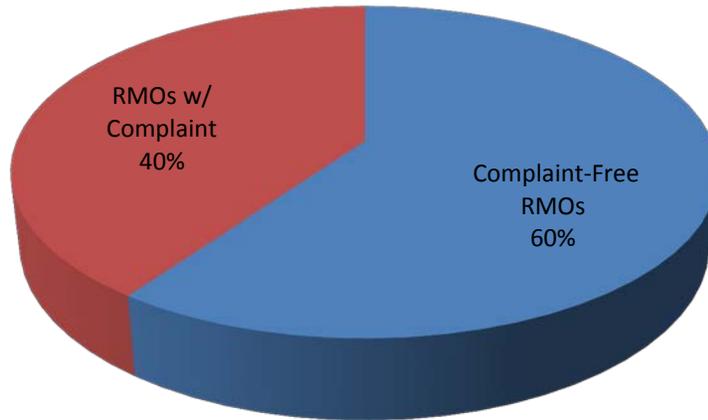
The Board is asked to approve the Enforcement division's request to assign two ERs to specifically research and investigate suspicious waiver applications.

A statistical report follows:





Second Complaint Check - January 2014



RMO Complaint Check Overview

First Complaint Check - October 2012	
Licenses Checked	92
Licenses with Complaints	21
Total Complaints	52
Second Complaint Check - January 2014	
Licenses Checked	92
Licenses Receiving Complaints After First Check (2012)	16
Complaints Received After First Check (2012)	40
Licenses Receiving Additional Complaint(s) After First Check (2012)	8
Summary	
Total Number of Licensees w/ Complaints	37
Total Complaints	92



BPC Violation	Description	No. of Complaints	Alleged in Formal Legal Action
7068.1	Failure to Exercise Responsibility of Qualifier	6	5
7071.11	Bond Payout	4	0
7107	Abandonment	23	4
7109	Poor Workmanship	45	5
7110	Building Permit Violation	8	5
7120	Failed to Pay for Materials or Services	8	0
7117.6	Worked Out of Classification	4	3
7159/7159.5	Home Improvement Contract Law/Excessive Down Payment or Excessive Payment Received	13	5

Facts:

- 13 complaints, approximately 10%, have been referred for formal disciplinary action
- 129 complaints filed against 45 licenses; average approximately 3 complaints per license
- 120 are consumer-driven complaints
- Approximately 37% of consumer complaints allege poor workmanship
- Approximately 19% of consumer complaints allege abandonment
- 1 withdrawn application

1st RMO License Check October 2012	
Licenses Checked	92
Licenses w/ Complaints	21
Total Complaints	52
2nd RMO Complaint Check Jan 2014	
Licenses Checked	92
Licenses Receiving a Complaint After 2012 Check	29
Complaints Received After 2012 Check	40
Licensees Receiving Additional Complaint(s) After 2012 Check	8
Related Licenses Identified	
Additional Licenses Identified	13
Complaint Received	40
Total Complaints	129
Summary	
Total Number of Licensees w/ Complaints	50
Total Complaints	129
Total Complaints Referred for Disciplinary Action	13

AGENDA ITEM H-6

Review of Little Hoover Commission Hearing Written Testimony





CONTRACTORS STATE LICENSE BOARD

LITTLE HOOVER COMMISSION WRITTEN TESTIMONY

The Little Hoover Commission is an independent state oversight agency whose mission is to investigate state government operations and – through reports, recommendations and legislative proposals – promote efficiency, economy, and improved service.

The Commission is a bipartisan board composed of 13 members who have a statutory obligation to review and make recommendations on proposed government reorganization plans. Unlike fiscal or performance audits, the Commission looks beyond whether programs comply with existing requirements, instead exploring how programs could and should function in today's world. The Commission works to implement its recommendations either through legislation or administrative changes.

On January 23, 2014, the Little Hoover Commission held a meeting to discuss the impact the underground economy has on California and its workforce. Christine Baker, Director of the Department of Industrial Relations, and Bruce Wick, Risk Management Director of the California Professional Association of Specialty Contractors (CalPASC) testified and updated the Commission on their partnering success with CSLB.

Enforcement staff had the opportunity to speak to the Little Hoover Commission on March 27, 2014, to explain the positive progress CSLB has achieved in combatting the underground economy, and made recommendations about how to continue to be successful in curbing the underground economy in the future.

Following is a handout that was provided to the Commission in response to their questions.



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.

Little Hoover Commission Testimony CSLB'S INDIVIDUAL AND PARTNERING EFFORTS TO CURB CALIFORNIA'S UNDERGROUND ECONOMY

Thursday, March 27, 2014, 9:30 a.m.
Room 437, State Capitol

BACKGROUND

CSLB was established in 1929 to license and regulate the construction industry at the encouragement of legitimate contractors who identified the need for a state regulatory body to monitor construction practices and standards. The goal was to level the playing field by creating a consistent and fair business environment, and for consumer protection. For nearly 85 years, CSLB has been engaged in efforts to curb the underground economy and help maintain industry integrity.

CSLB was established as the Contractors License Bureau under the Department of Professional and Vocational Standards. Today, CSLB is part of the Department of Consumer Affairs and is guided by a 15-member Board that is appointed by the governor and the legislature. Board members include contractors, non-contractors, a building official, and a labor organization representative. It operates under California Business and Professions Code (B&P) sections 7000-7199 and CSLB Rules and Regulations (Contractors' License Law).

CSLB licenses and regulates contractors in 43 classifications that constitute the construction industry. There are approximately 300,000 licensed contractors in the state. CSLB also registers home improvement salespersons who are employed by contractors.

CSLB consistently has offered active outreach programs and materials to help inform and educate contractors and consumers about legal contracting practices and how to avoid fraud.

CSLB'S PRIMARY APPROACHES TO COMBAT THE UNDERGROUND ECONOMY

CSLB has, for decades, and continues to take a multi-faceted approach to combating unlicensed activity related to the underground economy that falls into two main categories: reactive and proactive. Following are a few CSLB programs specific to underground economy activity.

PUBLIC COMPLAINTS

CSLB accepts complaints from consumers, contractors, building departments, and confidential informants (contractors/union representatives/labor compliance investigators) as follows:

Consumer Complaints – These are complaints that are filed by consumers against licensed and unlicensed contractors regarding construction-related disputes, usually in regard to a contract. Complaints are screened to determine possible underground activity, including unlicensed activity; contracting with an inactive, revoked suspended or expired license; failure to maintain workers' compensation (WC) insurance for employees; and/or state Building Code violations. Complainants are asked to document employee labor on their project to confirm compliance with tax and insurance requirements.

Building Department Complaints – Complaints are routinely filed by local building department personnel regarding unlicensed activity; contracting with an inactive, revoked suspended or expired license; failure to maintain WC for employees; and/or Building Code violations. The following chart indicates disciplinary actions taken against licensees for Building Code violations in 2012 and 2013:

Building Code Violations ICs	2012	2013
Citations Issued for Building Code Violations	111	225
Accusations (Including Building Code Violations)	53	61

Industry Lead Referrals – Lead referrals allow an interested party to confidentially report illegal activity on an active construction project, including unlicensed activity; contracting with an inactive, revoked, suspended or expired license; and/or failure to maintain WC for employees.

CSLB is authorized (effective 1-1-2011) to issue a Stop Order, prohibiting worksite activity and employment of uninsured workers:

Stop Orders	2012	2013
Stop Orders Issued	506	610
WC Exemptions Canceled	190	253
Stop Orders Lifted – Compliance	144	198
Stop Order Remained in Effect	196	195
Stop Order In Effect Non-Licensee	58	38

Administrative and criminal action taken against licensed and unlicensed persons includes:

Legal Actions	2012	2013
Licensee Citations	992	1139
Accusations Against Licensees	366	365
Non-Licensee Citations	825	1139
Non-Licensee Prosecutor Referrals	2,900	2,657

CSLB INITIATIVES AND PARTNER AGENCY PROGRAMS

CSLB traditionally has initiated or joined in collaborative enforcement programs with other state and local agencies to assure compliance with state construction laws and for consumer protection.

Workers' Compensation License Suspension Pilot – CSLB has determined 60 percent of licensees have a WC exemption on file. CSLB research indicates more than 20 percent of the exemptions are false.

- All contractors are required to verify their exemption status at the time of renewal every two years (effective 1-1-2012, AB 397, Monning). License renewal packets now include a letter, advising contractors about the requirements.
- In 2012, CSLB's Intake and Mediation Center (IMC) implemented an automatic suspension program for licensees who fail to provide WC for employees. The consumer complaint form includes a question that asks if there were employees on the project; licenses with false exemptions are routinely suspended and referred for investigation. As a result, the number of citations issued to licensees for failure to maintain WC for employees has increased significantly.

IMC staff began notifying Licensing division staff when a complaint was received against a licensee who had an exemption from WC insurance on file and acknowledged employing workers. B&P Code §7125.2 provides CSLB authority to automatically suspend a license under operation of law when a licensee fails to secure WC insurance for employees.

Licensing staff inform contractors that their WC exemption is cancelled and that they must submit proof that they have obtained a valid WC policy within 30 days or the license will be suspended without further notice. The contractor can file a second exemption but is instructed that doing so will subject the exemption to verification by CSLB and partnering agencies such as the Employment Development Department (EDD) and the Department of Industrial Relations' (DIR) Division of Labor Standards Enforcement (DLSE).

The following two charts indicate WC cancellations, compliance, and disciplinary actions:

Enforcement Data	FY 2011–12	FY 2012–13	FY 2013–14
WC Exemption Cancellations	371	472	288
New Policies Obtained	136	174	123

WC Violations - ICs	2012	2013
Citations Issued for WC Violations	195	116
Accusations (Including WC Violations)	57	31

Peace Officer Staff Increased

In 2013, eight additional CSLB Enforcement division peace officers were sworn in. The extensive hiring process included a comprehensive background investigation and completion of the Peace Officer Standards and Training Commission (POST) Academy. Peace Officers enhance CSLB's ability to investigate consumer complaints that include construction-related underground economy activity, relating to WC insurance violations and construction-related financial crimes.

Staff Reassigned to Focus on WC Violations

To further enhance and expedite discipline of illegal operators, two investigator positions were added to the IMCs, one each in September and October 2013. The new investigators complement IMC pilot programs in the areas of WC, building permits, and illegal advertising since they issue administrative citations for violations by licensed contractors and unlicensed operators. Each investigator is averaging approximately five administrative actions per month.

Public Works Unit Expanded

Two additional enforcement representatives (ERs) were hired to perform investigations for Enforcement's Public Works Unit. The unit is successful working with awarding agencies to prequalify project bidders, disclose violations on CSLB's website against contractors that have been imposed by other agencies, and secure criminal and/or administrative actions against public works contractors that committed serious violations. Following are disciplinary actions by the Public Works Unit for the past two calendar years:

Public Works Unit	2012	2013
Total Number of Complaints	97	142
Number Referred for Legal Actions	49	45
Number of Denied/Withdrawn Apps	4	13

Partnering Agency County Task Force

Beginning in January 2011, CSLB implemented the Partnering Agency County Task Force (PACT) to partner with DAs throughout California. The program has continued to expand and now includes 20 participating counties. The program teams CSLB ERs with DA investigators, building officials, and other state agency representatives. CSLB's Statewide Investigative Fraud Team (SWIFT) ERs are assigned to one or more of the participating counties to target unlicensed activity and WC insurance violators.

Partnering Government Agency Complaint Disclosure

On September 6, 2013, CSLB Board members unanimously approved disclosing partner agencies' disciplinary actions on CSLB's website. As a result, an innovative protocol was developed and established. CSLB now flags licensees on its website by including an advisory statement and an electronic link to the partner agency's website. This disclosure provides an easily accessible means for awarding authorities and prime contractors to determine if a contractor is a responsible/responsive bidder for public works projects.

Staff launched the project with two partner agencies: DIR's DLSE and Caltrans. DLSE issues Civil Wage and Penalty Assessments (CWPAs) for Labor Code violations, and Caltrans issues Stop Notices for violations that include non-payment of labor, services, equipment or materials

on public work projects. CSLB accomplished this 2013-2014 Strategic plan objective without new legislation.

Undercover Sting Operations

During 2013, undercover stings continued to be the most effective method to identify and prosecute unlicensed persons acting in the capacity of a contractor without a license and committing other significant violations of Contractors' License Law including employing workers without WC insurance. SWIFT ERs partnered with local law enforcement and EDD to pose as homeowners seeking bids for home or commercial property improvements, such as roofing, HVAC, painting, landscaping, swimming pool construction, flooring, etc.

Stings conducted during 2013 included:

2013 SWIFT Stings	
Total Sting Operations	84
NTAs (notices to appear in superior court)	773

STATE AGENCY PARTNERING

2013 Outstanding Tax and Civil Liability Suspensions

CSLB routinely partners with EDD on all proactive enforcement operations. During 2013, CSLB staff began routinely partnering with EDD's Criminal Investigation Division, as well as with EDD, Franchise Tax Board (FTB), DLSE and DIR's Division of Occupational Safety and Health (DOSH), resulting in the suspension of 456 licenses for outstanding liabilities that total more than \$32 million. CSLB's license suspension program resulted in payment of more than \$14 million to allied state agencies.

CSLB-EDD Partnership

CSLB's Joint Enforcement Strike Force (JESF) partners include EDD, DLSE, and District Attorney (DA) Investigators. The primary focus of CSLB ERs assigned to JESF is pursuing criminal charges against contractors who violate license, tax withholding, and/or WC insurance requirements. CSLB prioritized partnering with EDD on all proactive investigations (i.e., leads, sweeps, and stings).

CSLB/EDD 2013 Partnering Statistics

- 725 inspections at active construction sites
- 605 referrals to EDD Audits
- **\$207,521,183.00** in unreported wages

The following statistics are the minimum number of construction-related proactive investigations resulting from the CSLB/EDD partnership for 2013 cases; however, the actual number may be higher:

EDD/CSLB Joint Investigations	
Convictions	4
Complaints Filed	6
Complaints Requested	3
Search Warrants Conducted	6

In addition to partnering with EDD, CSLB routinely partners with FTB, DOSH and DLSE:

JESF Outstanding Liabilities, January – December 2013		
TOTAL LIABILITIES	Liability Suspension	Penalty Recovered
CSLB, EDD, DOSH, DLSE, & FTB	\$32,457,770	\$14,326,681.00
EDD Only	\$24,121,391	\$ 8,882,013.00

Labor Enforcement Task Force (LETf) – CSLB ERs assigned to LETf primarily conduct sweeps with partner state agencies DLSE, DOSH, EDD and FTB at active job sites to verify compliance with licensing, WC insurance, tax, and job safety requirements. In general, LETf partners issue administrative actions against violators.

LETf 2013 Results	
Number of Inspections	820
Businesses Out of Compliance	655
% of Businesses Out of Compliance	80
Total Citation Penalties and Assessments	\$2,654,527.40

STRATEGIES TO GAIN COMPLIANCE WITH HVAC INDUSTRY

Heating, Ventilating, and Air-Conditioning (HVAC) contractors, designated as CSLB Specialty license classification C-20, have been identified as a construction sector with low WC insurance and building permit compliance. To address these deficiencies, CSLB has implemented innovative new strategies that include the following:

- **Reporting Method**

CSLB developed a building permit complaint form in 2010 that enables legitimate contractors and industry partners to file a complaint against any contractor who fails to obtain a building permit. A “zero tolerance” policy also was implemented to ensure that any HVAC permit violations would receive an automatic administrative citation.

- **Targeted Stings**

HVAC sting targets have been identified after conducting surveillance of supply houses, approaching contractors at supply houses, and following contractor vehicles from supply houses to project sites. CSLB also has hired two retired CHP officers to support this strategy.

- **Educational Campaign**

Enforcement sent more than 17,000 letters to HVAC contractors, reminding them about business and permit requirements. CSLB also has issued industry bulletins and newsletter articles to support this effort.

- **Ambassador Program**

An Ambassador Program will be launched on May 7, 2014, to provide licensees with education material to provide to their customers. The handouts include information about the approximate 300 percent return the consumer will realize only if the HVAC unit is installed correctly. CSLB has trained arbitrators to help enforce the requirement that the contractor return to a job site and perform work necessary to meet Building Code and Title 24 requirements, at the contractor’s expense. CSLB has met with more than 100 building officials to gain their cooperation. Building officials were requested to report contractors who have not obtained a permit and/or final inspection, and have not provided proof of WC insurance.

RECOMMENDATIONS TO COMBAT CALIFORNIA'S UNDERGROUND ECONOMY

- Partner with building departments and identify ways to reduce the burdens for contractors who follow the law (i.e., online permitting, providing self-certification for some contractor projects, etc.).
- Improve information-sharing among cities, counties, and the State (i.e., centralized database that captures permit records).
- Partner with public utilities to share information on rebates they have paid to consumers. This information will identify the contractor who performed the installation. Develop a protocol for material manufacturers and distributors to provide to CSLB information regarding who is buying materials and where materials are being delivered.
- No utility should give a rebate to a contractor or company for installation of equipment unless there is a valid contractor license that is in good standing with CSLB (i.e., solar panels, HVAC, etc.), and is in compliance with all license, WC, wage, and/or tax laws.
- Reduce/remove restrictions, regarding sharing tax-related information of construction businesses (wages, insurance, sales tax, etc.), as it would be helpful if CSLB knew how many employees are registered by a contractor with EDD and how much sales tax is paid by licensed contractors.
- Encourage the Building Standards Commission to establish and enforce a regulation whereby building departments must enter data (permits, etc.) into a construction monitoring database, and then have the information cross-referenced into EDD's Automated Collection Enhancement System (ACES) database so that it can be accessed by other state regulatory agencies.
- Use Washington State as an example of preventing fraud and abuse in WC by effective partnering between agencies.
- Respectively request that the Little Hoover Commission evaluate the underground economy in California to determine both its size and impact to government agencies as well as legitimate businesses.

AGENDA ITEM H-7

Review of 2013 Consumer Satisfaction Survey





CONTRACTORS STATE LICENSE BOARD
REPORT ON THE

CONSUMER SATISFACTION SURVEY:
2013 COMPLAINT CLOSURES
(January to December)

Report Date: April 2014

Executive Summary

The Consumer Satisfaction Survey Reports are based on surveys of individuals who have filed complaints with the Contractors State License Board's (CSLB's) enforcement program against licensed or unlicensed contractors. These surveys assess the public's satisfaction with the CSLB's handling of their complaints. The original benchmark survey began with complaints that were closed in 1993, and assessment of consumer satisfaction has continued since that time. The present report assesses consumer satisfaction for complaints closed in the calendar year of 2013.

Eight of the nine questions on the 2013 survey were identical to the questions used since 1993. The same seven point agreement scale was used. From 1993-2009, a total of 4800 complainants (400 per month) were randomly selected to receive surveys. In 2010 the survey's format and sampling method were changed. Beginning with 2010, the survey was emailed to all consumers with closed complaints who provided email addresses to the CSLB. In 2013, the total number of complainants who provided email addresses was 4960, 102 less than in 2012. Surveys were sent out in individual monthly batches throughout 2013 and early 2014.

Additional questions have historically been included to ask consumers about other CSLB issues. In 2007 one of the additional questions was changed from "Before hiring, I inquired about my contractor's *qualifications* with the Contractors State License Board" to "Before hiring, I inquired about my contractor's *license status* with the CSLB." The answer choices for this question were also changed from the agreement scale to a yes-no format. In addition, an open-ended question was included to assess the reasons why respondents who said "No" to the earlier question were not inquiring about their contractor's license status with the CSLB. In 2007 the survey questions were also reordered so that the two questions regarding checking the contractor's license status became Questions 9 and 10. In 2010 the open-ended question that was a follow-up to Question 9 was eliminated.

A total of 1089 complainants, 22% of those surveyed, responded to the questionnaire. This response rate is 5% higher than the response rate for the 2012 survey, and 3% lower than the response rate in 2011.

Major Findings and Comparison with Previous Years

The results from surveying consumers with complaints closed in 2013 are summarized in Table 1 on the following page along with the ratings on the eight questions related to consumer satisfaction (service categories) for the last five years.

In 2009 the lowest percent agreement (50%) was for the question "The action taken in my case was appropriate," whereas the highest percent agreement (80%) was found for the question related to being treated courteously. This pattern has remained for the last five years. From 2012 to 2013, two service categories showed a 6% decrease, one service category showed a 4% decrease, three service categories showed a 3% decrease, and two service categories showed a 2% decrease.

TABLE 1: HISTORICAL RESULTS OF THE CONSUMER SATISFACTION SURVEY (2009 - 2013)

Questionnaire Statements	Percent Agreement by Calendar Year				
	2013	2012	2011	2010	2009
1. The CSLB contacted me promptly after I filed my complaint.	77%	81%	80%	78%	75%
2. The procedures for investigating my complaint were clearly explained to me.	72%	75%	73%	69%	69%
3. The CSLB kept me informed of my case's progress during the investigation.	62%	68%	65%	61%	60%
4. I was treated courteously by the CSLB's representative(s).	82%	84%	82%	79%	80%
5. My complaint was processed in a timely manner.	60%	66%	67%	61%	58%
6. I understand the outcome of the investigation (whether or not I agree with the action taken).	66%	68%	65%	62%	61%
7. The action taken in my case was appropriate.	53%	56%	50%	46%	50%
8. I am satisfied with the service provided by the CSLB.	57%	60%	57%	51%	53%

With regard to the most recent data, the following service category showed a 6% decrease in satisfaction from 2012 to 2013:

- Question 3 “was kept informed.”
- Question 5 “complaint processed in timely manner.”

The following service category showed a 4% decrease in satisfaction from 2012 to 2013:

- Question 1 “was contacted promptly.”

The following service categories showed a 3% decrease in satisfaction from 2012 to 2013:

- Question 2 “procedures clearly explained.”
- Question 7 “action taken in my case was appropriate.”
- Question 8 “satisfied with service.”

The following service category showed a 2% decrease in satisfaction from 2012 to 2013:

- Question 4 “was treated courteously.”
- Question 6 “understand the outcome of the investigation.”

Forty-four percent of survey respondents selected “Yes” to Question 9 “Before hiring, I inquired about my contractor’s license status with the CSLB.” This is 6% more than the 2012 results.

The majority of complaints have retained the same characteristics as in the previous years. The following attributes define the typical complaint:

- filed by a non-industry consumer (99%)
- involved a licensed contractor (83%)
- processed within six months (74%)
- addressed home improvement repairs or remodeling (81%)
- was not construction type-specific (62%).

In prior surveys a disproportionate number of responses came from complainants who received outcomes in their favor. In order to examine possible response bias, a profile of complaint characteristics was developed for the 4960 surveyed complainants, including whether or not their complaint outcome was considered positive by the CSLB. This profile was then compared to the group of 1089 complainants who responded to the survey. Although 63% of the complaints in the total survey sample were closed in favor of the complainant, 59% of the survey responses came from these complainants. The 4% discrepancy between percentage of complaints closed in favor of the complainant and the number of survey responses from these complainants is in the opposite direction from what is usually manifest in this type of survey. Typically, there is

a tendency for complainants who receive positive outcomes to be more likely to respond to the CSLB survey. The 2013 results show no indication of positive response bias.

CONTRACTORS STATE LICENSE BOARD

CONSUMER SATISFACTION SURVEY: JANUARY THROUGH DECEMBER 2013 COMPLAINT CLOSURES

History

In 1994 the Contractors State License Board began a program to improve consumer satisfaction with the CSLB's enforcement program. One of the cornerstones of this effort was a survey to solicit feedback from individuals who filed complaints with the Board. The first postcard survey, covering 1993 complaint closures, was designed to serve as a benchmark in an ongoing evaluation program as well as to identify areas in need of improvement. These ongoing surveys have been conducted by the CSLB Testing Division. The present report covers complaints closed between January and December 2013. When preparing the 2007 report, the CSLB decided to set a new benchmark of five years in order to ensure that the benchmark data remains current. Each year's data is now compared to data from the previous four years.

In 2009 the lowest percent agreement (50%) was for the question "The action taken in my case was appropriate," whereas the highest percent agreement (80%) was found for the question related to being treated courteously. This pattern has remained for the last five years. The percent agreement for the other service categories in 2009 ranged from 53% to 75%. In 2010, four service categories showed a 1-3% increase, three service categories showed a 1-4% decrease, and one service category showed no change. In 2011, two service categories showed a 6% increase, three service categories showed a 4% increase, two service categories showed a 3% increase, and one service category showed a 2% increase. In 2012, one service category showed a 6% increase, three service categories showed a 3% increase, two service categories showed a 2% increase, one service category showed a 1% increase, and one service category showed a 1% decrease.

The Consumer Satisfaction Survey also provides a convenient method to poll consumers on other issues. Since 2000 one purpose of the survey was to estimate the percentage of complainants who had inquired about the contractor's qualifications with the CSLB. The percent agreement with this question has ranged from 29% in 2000 up to 44% in 2013.

In 2007 this question was changed from "Before hiring, I inquired about my contractor's *qualifications* with the Contractors State License Board" to "Before hiring, I inquired about my contractor's *license status* with the CSLB." The rating scale for this question was also changed from the seven-point agreement scale to a forced choice (Yes/No) response. The 2007 results showed that 43% of respondents selected "Yes," 51% selected "No," and 6% did not respond. In 2008, the results showed that 50% of respondents checked the contractor's license status with the CSLB, 44% did not, and 6% did not respond. In 2009, 45% of respondents selected "Yes," 48% selected "No," and 7% did not respond to this question. The 2010 results showed that 45% of respondents selected "Yes," 49% selected "No," and 6% did not respond. In 2011, the results showed that 43% of respondents checked the contractor's license status with the CSLB, 53% did not, and 4% did not respond. In 2012, the results showed that 38% of

respondents checked the contractor's license status with CSLB, 56% did not, and 5% did not respond. In 2013, the results showed that 44% of the respondents checked the contractor's license status with CSLB, 51% did not, and 5% did not respond.

In 2007 Question 10, an open-ended follow-up to Question 9, was added to assess the reasons why some consumers were not inquiring about the license status of their contractors with the CSLB. The responses to Question 10 were reviewed and sorted into twelve comment categories. This question was eliminated in 2010.

Project Design

Questionnaire Description

The nine-item 2013 questionnaire was developed in Survey Monkey and included eight questions assessing customer service related to specific aspects of the complaint process, with one question addressing overall satisfaction with service. These questions were virtually identical to those used since 1994. The complainants were asked to rate the questions on a seven-point agreement scale. The rating scale provided three levels of agreement with a question (Strongly Agree, Agree, and Mildly Agree), and three levels of disagreement (Strongly Disagree, Disagree, and Mildly Disagree). The rating scale also included a "Neutral" point. The final question addressed whether or not consumers inquired with the CSLB about their contractor's license status prior to hiring using a forced choice (Yes/No) rating scale. The questionnaire also provided space for written comments. A copy of the questionnaire is attached as Appendix A.

Each complainant's email address was linked with their case number prior to emailing, allowing analyses of survey responses by the nature of the complaint. The information from complaint files also was used to determine whether the respondent sample was representative of the larger group of complainants.

Sampling Procedure

In the calendar year 2013, the CSLB completed the investigation or mediation process for 18,758 complaints filed by consumers against licensed and unlicensed contractors. This is 3,529 more than the total number in 2012. Complainants who provided the CSLB with an email address were selected from all of the closed complaint files in 2013. Duplicate complainants and clearly incorrect email addresses were removed from the sample prior to emailing, leaving a total sample of 4,960. Monthly surveys of consumers whose complaints were closed in that month were emailed throughout 2013 and early 2014.

Analysis Procedure

The level of agreement with each service category question was determined by combining the three "Agreement" points, and then dividing this number by the total number of respondents. This procedure provides the proportion of respondents who agreed with the question.

The complaint number attached to each complainant's email address was used to link response ratings with specific characteristics of the complaint itself. This linkage was used to assess complainant satisfaction in the context of such factors as the ultimate outcome of the complaint, the processing time for the complaint, and the license status of the contractor.

The complaint files were also used to determine whether the consumers who responded to the survey were representative of the total sample. A profile of complaint characteristics was developed for the respondent group and compared to the profile for the total sample. Close correspondence between the two profiles would confirm a representative (unbiased) consumer response.

Complainants' Comments

In previous survey years, comments were hand-entered into a database and assigned one or more subject-specific codes (comment category). The majority of the comments elaborated on the questionnaire statements; the remaining comments presented additional areas of consumer concern. Some complainants used the comment space to request contact by a CSLB representative, to indicate that they were unsure about the outcome of their case, or to provide positive remarks about CSLB representatives who handled their cases. These surveys were delivered to the CSLB Enforcement staff. Since 2010 all of the comments were typed by the complainants themselves, thereby reducing the need to first decipher handwriting and then enter and code the comments.

Results

Response Rate

The total number of survey responses, 1089, was 22% of those selected for the sample. In 2012, the response rate was 17%. The response rate for this survey has ranged from 17-31%, which is considered standard for this type of survey.

Consumer Agreement with Questionnaire Statements

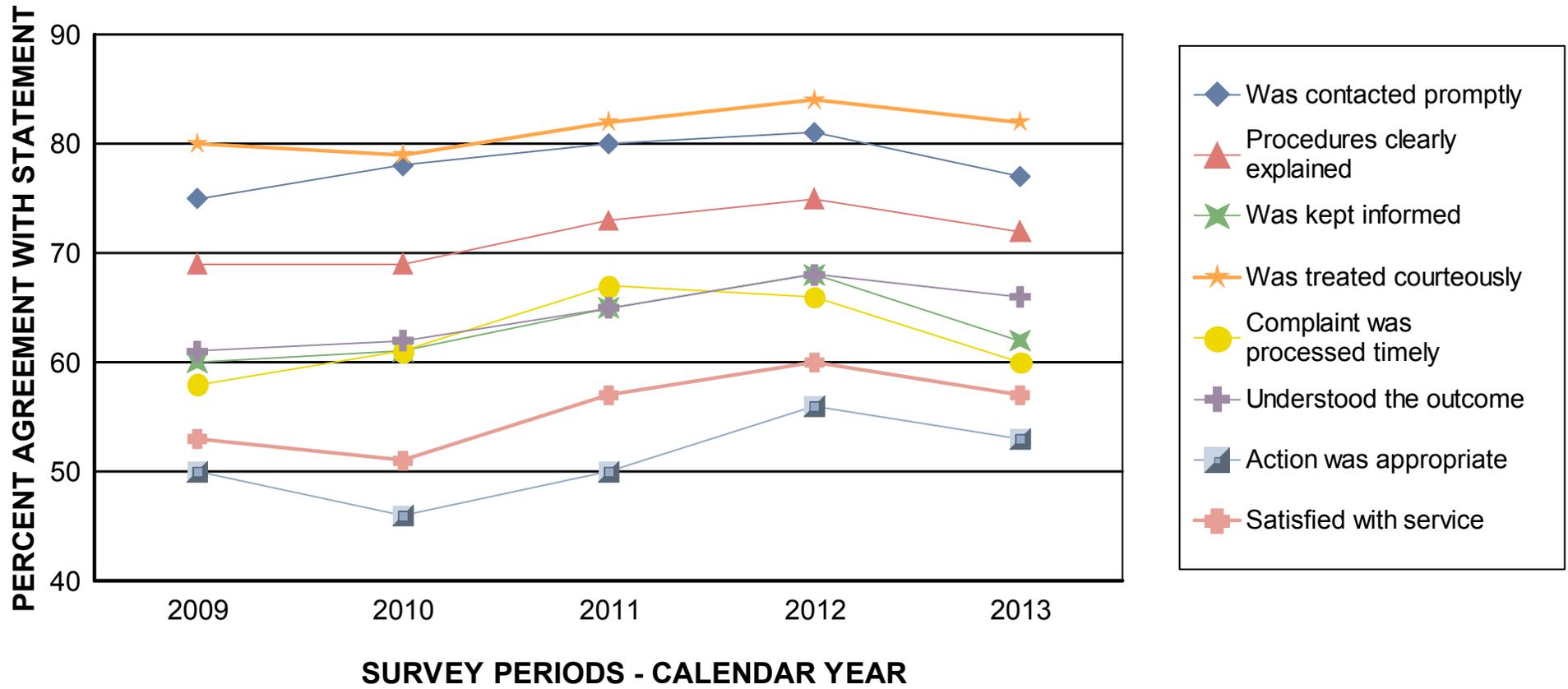
Appendix B (Table B-1) contains the detailed results for the 2013 Consumer Satisfaction Survey, indicating the individual percentages for each "Agreement" category. The satisfaction ratings for the 2013 survey are presented in Table 1 of the Executive Summary, along with the results from 2009-2012. This same information is presented in graph form (Figure 1) on the following page.

Contractor Qualifications

The question addressing contractor's qualifications was included to assess the need for public education in this area. Question 9 asked, "Before hiring, I inquired about my contractor's qualifications with the Contractors State License Board." In 2013, 44% of the respondents selected "Yes", 51% selected "No", and 5% did not respond. In 2012, 38% of the respondents selected "Yes," 56% selected "No," and 5% did not respond. In 2011, 43% of the respondents selected "Yes," 53% selected "No," and 4% did not respond. In 2010, 45% of the respondents selected "Yes," 49% selected "No," and 6%

FIGURE 1:
HISTORICAL RESULTS OF THE CONSUMER SATISFACTION SURVEY (2009 - 2013)
LINE GRAPH PRESENTATION

AGREEMENT WITH STATEMENTS ON SURVEY -- ALL RESPONDENTS



did not respond. From 2007- 2009, an additional follow up Question 10 was included, “If #9 is NO, please state why.” In 2009, the most frequent comments addressed the following issues: consumer did not know to check with the CSLB - 25%; contractor was referred by a friend, neighbor, or relative – 15%, and consumer checked for a license number only – 11%. In 2008, 23% of comments indicated that the consumer did not know to check with the CSLB; 15% checked for a license number only, and 9% indicated that the contractor was referred by a friend, neighbor, or relative. Between 2008 and 2009, there was also a 9% decrease in the percentage of comments indicating that complainants did not bother to check with the CSLB. This question was not included in the 2010-2013 surveys.

Complainant's Comments

Sixty-five percent of the responding complainants chose to include comments with their survey responses. This is consistent with the percentage of complainants who included comments in 2012 and 2011. As in previous years, the comments ranged from requests for follow up, additional information about the status of complainants' cases, and feedback regarding CSLB representatives. The comments also included suggestions for procedure changes regarding the CSLB complaint process. All comments were forwarded to the CSLB Enforcement staff for their review.

Sampling Validity

In survey research, those who respond to a survey may not be representative of the overall group. This can occur when a particular segment of the sample is more motivated to respond to the survey. In order to examine possible response bias, a profile of complaint characteristics was developed for the 4960 surveyed complainants. This profile was then compared to the group of 1089 complainants who responded to the survey. The profile is contained in Appendix C. The profile demonstrates that the responding group has similar characteristics to the sample group.

Response Trend

In most prior surveys a disproportionate number of responses came from complainants who received outcomes in their favor. The trend did not manifest in the 2013 results. Although 63% of the total sample had outcomes in favor of the complainants, 59% of the survey respondents had outcomes in their favor. The 4% discrepancy between percentage of complaints closed in favor of the complainant and the number of survey responses from these complainants is in the opposite direction from what is usually manifest in this type of survey. The results from 2011 and 2012 also indicate the absence of a positive response bias.

Change in Sampling Method

Beginning in 2010 the sampling method was changed from random sampling to convenience sampling. Random sampling is preferred for most surveys to ensure that the sample is representative of the overall population of interest. It assumes that characteristics such as gender, age, socioeconomic status, etc. are equally distributed across the population and therefore will be equally distributed across a random sample.

Convenience sampling selects participants based on their availability to the researcher. As applied to the CSLB consumer satisfaction survey, a decision was made to reduce costs and staff time by using an email survey instead of a paper and pencil survey, thereby making the most convenient sample those complainants who had provided their email addresses. While convenience sampling can induce bias in a survey, depending on the survey topic, there is no reason to expect that consumers who provided their email addresses to the CSLB would have different opinions on the satisfaction measures assessed by the current survey.

TECHNICAL APPENDICES

Appendix A: CONSUMER SATISFACTION SURVEY QUESTIONNAIRE

Appendix B: DETAILED RESULTS OF CONSUMER SATISFACTION SURVEY

Appendix C: CONSUMER COMPLAINT PROFILES

APPENDIX A

Consumer Satisfaction Survey Questionnaire

1. Introduction Section

Dear Consumer:

As part of our ongoing efforts to improve service to consumers, we are conducting a survey to monitor the quality of service provided to consumers who have filed a complaint with the Contractors State License Board.

Your name was selected from our complaint files that were recently closed.

Would you please take a few minutes to respond to the following survey? We need to hear from you so that we can identify where improvements are needed. Of course, we would also like to hear how we are serving you well.

When you are done just click on the "DONE" button at the bottom of the last page to forward your responses on to the Board.

Thank you for taking the time to participate in this survey!

Contractors State License Board

2. Survey instructions and questions

Please have the person most familiar with the complaint complete the survey. Select the response that shows how much you agree with each statement on the survey.

We are identifying your response with your complaint number to provide specific information about CSLB operations. **YOUR IDENTITY WILL BE KEPT COMPLETELY CONFIDENTIAL UNLESS YOU REQUEST CONTACT FROM THE CSLB.**

	STRONGLY AGREE	AGREE	MILDLY AGREE	NEUTRAL	MILDLY DISAGREE	DISAGREE	STRONGLY DISAGREE
The CSLB contacted me promptly after I filed my complaint.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The procedures for investigating my complaint were clearly explained to me.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The CSLB kept me informed of my complaint's progress during the investigation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I was treated courteously by the CSLB's representative(s).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My complaint was processed in a timely manner.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I understand the outcome of the investigation (whether or not I agree with the action taken).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The action taken in my case was appropriate.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I am satisfied with the service provided by the CSLB.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Before hiring, I inquired about my contractor's license status with the CSLB.

- YES
- NO

Comments (please include any areas that you feel our staff could improve in and/or examples of superior service to you):

APPENDIX B

Detailed Results of Consumer Satisfaction Survey



Consumer Satisfaction Survey Report - Table B-1

Overall Results Of Consumer Satisfaction Survey 2013 Complaint Closures

QUESTION ASKED	STRONGLY AGREE	AGREE	MILDLY AGREE	NEUTRAL	MILDLY DISAGREE	DISAGREE	STRONGLY DISAGREE	NO RESPONSE
1. Was contacted promptly	352 32%	367 34%	115 11%	49 4%	48 4%	63 6%	93 9%	2 0%
2. Procedures clearly explained to me	343 31%	326 30%	114 10%	75 7%	62 6%	71 7%	94 9%	4 0%
3. Was kept informed	290 27%	272 25%	111 10%	94 9%	71 7%	95 9%	142 13%	14 1%
4. Was treated courteously	557 51%	280 26%	52 5%	85 8%	22 2%	31 3%	54 5%	8 1%
5. Complaint was processed timely	320 29%	239 22%	99 9%	103 9%	68 6%	82 8%	169 16%	9 1%
6. Understood the outcome	397 36%	270 25%	53 5%	91 8%	30 3%	66 6%	171 16%	11 1%
7. Action was appropriate	344 32%	181 17%	53 5%	105 10%	36 3%	88 8%	264 24%	18 2%
8. Satisfied with service	367 34%	202 19%	56 5%	70 6%	43 4%	91 8%	250 23%	10 1%
	YES	NO	NO RESPONSE					
9. Checked contractor's license status with CSLB	478 44%	556 51%	55 5%					

Number of responses: 1089

Appendix C

Complaint Profiles

Complaint Profiles
(January - December 2013)

TABLE C-1: ORIGIN OF COMPLAINT

Code	Description	% of Respondent Sample (1089)	% of Survey Sample (5043)
C	Construction Industry	1%	2%
P	Public Consumer	99%	98%

TABLE C-2: COMPLAINT PRIORITY

Code	Description	% of Respondent Sample (1089)	% of Survey Sample (5043)
D1	All Others	69%	67%
C7	Non-Licensees	16%	18%
B1	Multi-Complaints	14%	15%
E1	Priority Entered At Conversion Time	< 1%	< 1%

Complaint Profiles
(January - December 2013)

TABLE C-3: INVESTIGATION TYPE

Code	Description	% of Respondent Sample (1089)	% of Survey Sample (5043)
L	Licensed Contractor	83%	81%
N	Non-Licensed Contractor	17%	19%

TABLE C-4: CONSTRUCTION TYPE

Code	Description	% of Respondent Sample (1089)	% of Survey Sample (5043)
0	Electrical	2%	2%
1	All Trades	22%	24%
2	Roofing	6%	5%
3	Painting	4%	3%
4	Masonry and Cement	4%	4%
5	Stucco, Plastering, and Drywall	1%	1%
6	Heating and Air Conditioning	5%	5%
7	Plumbing	6%	6%
8	Cabinets	1%	1%
9	Landscaping	4%	4%
L	Other	41%	39%
M	Insulation	< 1%	< 1%
N	Solar	1%	1%
X	No Construction	3%	4%

Complaint Profiles
(January - December 2013)

TABLE C-5: CONSTRUCTION COST/CONTRACT

Description	% of Respondent Sample (1089)	% of Survey Sample (5043)
No Contract	16%	19%
\$2,000 or less	77%	75%
\$2,001 to \$3,000	1%	1%
\$3,001 to \$4,000	1%	1%
\$4,001 to \$5,000	1%	< 1%
\$5,001 to \$6,000	< 1%	< 1%
\$6,001 to \$10,000	1%	1%
\$10,001 to \$30,000	2%	1%
\$30,001 to \$100,000	1%	1%
\$100,001 to \$500,000	< 1%	1%
\$500,001 to \$1,000,000	< 1%	< 1%

Complaint Profiles
(January - December 2013)

TABLE C-6: FINANCIAL INJURY AMOUNT

Description	% of Respondent Sample (1089)	% of Survey Sample (5043)
\$30,001 or more	67%	64%
No Amount Reported	32%	34%
\$2,000 or less	1%	1%
\$5,001 to \$10,000	< 1%	< 1%
\$2,001 to \$5,000	< 1%	< 1%
\$10,001 to \$30,000	< 1%	< 1%

TABLE C-7: PROJECT TYPE

Code	Description	% of Respondent Sample (1089)	% of Survey Sample (5043)
J	Repairs and Remodeling	81%	78%
L	Other	8%	9%
X	No Construction	4%	5%
F	Swimming Pool	2%	3%
B	New Construction (Single Unit-Custom)	1%	1%
E	New Construction (Home Improvement)	1%	1%
D	New Construction (Commercial)	1%	1%
C	New Construction (Multiple Units)	< 1%	< 1%
K	Real Estate - Purchase	< 1%	< 1%
A	New Construction (Single Unit-Tract)	< 1%	< 1%

Complaint Profiles
(January - December 2013)

TABLE C-8: ELAPSED TIME OF COMPLAINT PROCESSING

Description	% of Respondent Sample (1089)	% of Survey Sample (5043)
1 month or less	17%	27%
1 to 2 months	29%	25%
2 to 3 months	14%	12%
3 to 4 months	5%	5%
4 to 5 months	4%	4%
5 to 6 months	5%	5%
6 to 12 months	25%	21%
1 to 2 years	1%	1%

Complaint Profiles
(January - December 2013)

TABLE C-9: CLOSING ACTION

Code	Description	% of Respondent Sample (1089)	% of Survey Sample (5043)
CL70	Settled in Screening (CSR) [+]	20%	25%
CL20	Insufficient Evidence	16%	16%
CL90	No Further Action	11%	12%
CL1C	Citation [+]	9%	8%
CL80	Minor Violation - Warning [+]	7%	7%
CN20	Insufficient Evidence (Non-Licensee)	6%	5%
CL50	Settled in Investigation (Deputy) [+]	5%	5%
CL30	No Jurisdiction	5%	4%
CN60	Citation (Non-License) [+]	4%	4%
CL7M	Mandatory Arbitration [+]	4%	3%
CN10	Prosecutor (Non-Licensee) [+]	3%	3%
CL1A	Accusation [+]	2%	2%
CL60	License Already Revoked [+]	2%	2%
CN30	No Jurisdiction (Non-Licensee)	2%	2%
CN50	No Further Action - Warning [+]	1%	2%
CN40	No Further Action (Non-Licensee)	1%	1%
CL7A	Voluntary Arbitration [+]	1%	< 1%
CL10	Prosecutor [+]	< 1%	< 1%
CL40	No Violation	< 1%	< 1%

AGENDA ITEM I

Strategic Planning Session





CONTRACTORS STATE LICENSE BOARD

2013-14 STRATEGIC PLAN OBJECTIVES UPDATE

LICENSING & TESTING OBJECTIVES	TARGET	STATUS
1. Develop language for establishment of an asbestos abatement specialty classification.	June 2014	<ul style="list-style-type: none"> Language completed and approved by Board Regulation hearing held March 2014 Approval by Board expected at April meeting
2. Increase hi-tech security monitoring in testing centers.	December 2014	<ul style="list-style-type: none"> In process of identifying, purchasing, installing security cameras in testing centers
3. Develop an online smart application package to reduce application decline rates.	January 2016	<ul style="list-style-type: none"> Tied to DCA's BreEZe project
4. Evaluate the productivity of CSLB's Licensing Information Center and determine if changes are needed.	April 2014	<ul style="list-style-type: none"> Initial evaluation completed Re-evaluation required after recommended ACD coding change completed for agent call wrap time.
5. Fully automate bonds and workers' compensation insurance submission processes.	January 2016	<ul style="list-style-type: none"> Tied to DCA's BreEZe project
6. Expand license application video to other languages.	July 2015	<ul style="list-style-type: none"> Working with Public Affairs to identify languages and determine if outside vendor will be needed to complete the translations
7. Inform applicants about the top reasons applications are rejected.	Completed	<ul style="list-style-type: none"> Information is included online and in "Completing a Contractor License Application" video
8. Establish a task force to analyze the application process and reduce rejection rates.	January 2015	<ul style="list-style-type: none"> Ongoing – Study of Exam Application unit in process
9. Implement an online licensure tool for credit card payment.	January 2016	<ul style="list-style-type: none"> Tied to DCA BreEZe project



ENFORCEMENT OBJECTIVES	TARGET	STATUS
1. Update the Industry Expert training program.	FY 2013-14 3 rd Quarter	<ul style="list-style-type: none"> • Development of IE Training Module completed • Training is now available for IEs to be conducted by each Investigative Center supervisor & staff • IC staff to determine which classifications are needed for each region and schedule training as necessary
2. Provide for the disclosure of a partnering agency's administrative action on CSLB's website.	Completed	<ul style="list-style-type: none"> • CSLB now discloses Division of Labor Standards Enforcement Civil Wage & Penalty judgments, and contractors subject to egregious Stop Notices filed with Caltrans • Staff continues to work with IT to assess additional programming needs to display additional state and local government disciplinary action disclosure
3. Partner with the California Energy Commission to create an energy efficiency campaign.	FY 2014-15 2 nd Quarter	<ul style="list-style-type: none"> • The Energy Efficiency Campaign has been developed • The first conference to launch the program is scheduled for May 7, 2014 in San Jose • Board Members David Dias and Nancy Springer will serve as presenters
4. Address enforcement vacancies in hard-to-fill geographic areas.	On-Going	<ul style="list-style-type: none"> • Investigators have been hired to work in San Luis Obispo, Butte, and Stanislaus Counties • Staff continues to pursue hiring in other remote locations
5. Develop criteria and controls to monitor and prioritize proactive enforcement.	Completed	<ul style="list-style-type: none"> • Regular meetings have been scheduled with Labor Enforcement Task Force and Joint Enforcement Strike Force partners to identify targets and refine enforcement strategies
6. Automate an official educational letter to consumers who repeatedly hire unlicensed operators.	FY 2013-14 3 rd Quarter	<ul style="list-style-type: none"> • Submitted to the Enforcement Committee on October 24, 2013 • Revised letter was approved by DCA Legal Affairs and approved by the Board on December 11, 2013 • Staff is currently working with IT to automate the letter



<p>7. Prioritize enforcement complaints based on the potential to harm the public.</p>	<p>Completed</p>	<ul style="list-style-type: none"> • The Board has approved the Enforcement Prioritization Chart • Staff reviews priorities on an on-going basis to meet changing consumer protection needs
<p>8. Conduct a feasibility study of a pilot program similar to law enforcement's citizens patrol.</p>	<p>FY 2013-14 3rd Quarter</p>	<ul style="list-style-type: none"> • The Butte County Industry Expert Volunteer Pilot Program has been approved by the Board • A retired annuitant was hired on January 24, 2014, to implement the program
<p>PUBLIC AFFAIRS OBJECTIVES</p>	<p>TARGET</p>	<p>STATUS</p>
<p>1. Migrate CSLB's website to the new state of California website standards.</p>	<p>Spring 2014</p>	<ul style="list-style-type: none"> • 90% complete • Final writing/editing/converting under way
<p>2. Establish a multimedia unit with focus on video production.</p>	<p>Completed</p>	<ul style="list-style-type: none"> • PAO is now responsible for all meeting Web streams, as well as production of videos
<p>3. Create an archive of consumer stories for use in various outreach efforts and educate staff on the benefits of sharing information.</p>	<p>June 2013, then ongoing</p>	<ul style="list-style-type: none"> • Currently compiling stories
<p>4. Complete the flagship contractor and consumer publications.</p>	<p>Consumer: August 2014 Contractor: December 2014</p>	<ul style="list-style-type: none"> • Consumer: Graphic Design/Layout • Contractor: Copy Development • On-Hold pending hiring of new Graphic Designer
<p>5. Develop a contractor presentation kit.</p>	<p>Fall 2014</p>	<ul style="list-style-type: none"> • On hold, pending website re-launch
<p>6. Develop a CSLB style guide and brand standards manual.</p>	<p>Fall 2014</p>	<ul style="list-style-type: none"> • On hold, pending website re-launch
<p>LEGISLATIVE OBJECTIVES</p>	<p>TARGET</p>	<p>STATUS</p>
<p>1. Review and recommend changes to simplify and update Contractors State License Law by 2014.</p>	<p>Fall 2014</p>	<ul style="list-style-type: none"> • In process
<p>2. Prepare and submit Sunset Review Report.</p>	<p>Nov. 1, 2014 to Legislature</p>	<ul style="list-style-type: none"> • First draft in progress



IT & ADMINISTRATION OBJECTIVES	TARGET	STATUS
1. Prepare CSLB for implementation of BreEZe. (Information Technology).	December 2015	<ul style="list-style-type: none">• Continuing to work with BreEZe staff to prepare for Phase Three release• Meeting with CSLB staff to discuss specific BreEZe requirements• Detailing functions that will directly impact CSLB operations• Working on data conversion
2. Create a Subsequent Arrest Unit through the BCP Process.	July 2014	<ul style="list-style-type: none">• Approved by Dept. of Finance• Needs to pass Legislative hearing this spring and be included in the FY 2014-15 Budget Act



Proposal #1 - Service and Repair Scams Targeting Seniors/Elderly

CSLB has seen an increase in the number of service and repair scams being conducted that are specifically targeting the elderly. Most notable are:

- Heating/Air Conditioning Tune-Ups
- Duct Cleaning

Many of the sales calls are unsolicited over the telephone, or by knocking on a consumer's front door. Others are advertised and the consumer places the call for an appointment.

While many legitimately licensed contractors utilize these methods of getting business, unscrupulous or unlicensed individuals are using these tactics for little more than a means to get their foot in the door with a potential victim. In both scams noted above, the consumers pay to get victimized.

CSLB is proposing the creation of a comprehensive plan to address this growing problem.

Heating/Air Conditioning Tune-Ups

Advertised as low-cost way to identify and take care of heater or air conditioner problems before they become major problems. In some cases consumers are told there are problems with their system that don't actually exist. Consumers can pay hundreds, if not thousands of dollars for repairs that were not needed, or completed. In some cases consumers are told the problem has to be fixed immediately, or the law requires them to turn the consumer's power off.

Duct Cleaning

Advertised as whole house duct cleaning or unlimited vents being cleaned for \$49, \$69, or \$99. But, consumers are not told price does not include return ducting or the truck line (main branch of ductwork). In some cases, a technician tells consumer there is mold contamination and they will call their boss to try and get a discount for them, if they will approve it quickly. Or, they are told by law they have to fix it immediately. Other consumers are told ductwork is damaged and needs to be repaired. Consumer is not able to go into attic, so has no way of knowing if ductwork is actually damaged, or if it is fixed.

Enforcement Division

Sting operations have already been conducted. Others are being planned with staff posing as an elderly consumer, targeting both scams noted above

Public Affairs Division

Will hold news conferences and utilize other means to publicize sting operations. PAO will also look to conduct press events to explain maintenance tips and the questions that should be asked during a service & repair call. PAO will also look to appear on radio talk shows, as well as morning and midday TV news shows, where seniors make a significant portion of the audience. The goal



will be to educate consumers about the scams and how to protect themselves from becoming victimized.

Outreach will also be conducted through CSLB's existing Senior Scam Stopper seminar program.

Also under consideration will be the creation of a paid advertising campaign.

Proposal #2 – New Website Tools/Features

This spring, CSLB hopes to launch a new website. The site will be adaptable to tablet and mobile devices.

After that project is completed, CSLB's Information Technology division and Public Affairs Office hope to work towards developing the following Internet-based tools:

1. Find a Contractor

Currently, a consumer looking to have work done in/around their home has no good way identify possible contractors to consider. CSLB's Instant License Check feature allows consumers to look up the status of a contractor's license. But, this only works if the consumer is checking status of license of contractor they've already identified.

As a result, many consumers resort to services like craigslist.org, that don't do an adequate job of differentiating licensed contractors from unlicensed operators, and does nothing to educate consumers about hiring a contractor.

A proposed web feature will allow consumers to input criteria for their search. For example, licensed painters within 25 miles of Bakersfield. The search will return a completely random list of all licensees within that classification, within that geographical proximity to the consumer. A limit of returns (150) will most likely be put on that search so as not to overwhelm the consumer if their search range is wide or if they're looking in a classification with a large number of licensees.

Licensees will need to "opt-in" to being included in the program, and to identify the different parts of the state where they're operating. They also may be given an opportunity to present advertising information for the public. For example, sales, discounts, etc. Only active licensees in good standing will be included in any consumer search.

2. Contractor eWatch

This feature will permit a licensed contractor to track and be notified of any changes to the status of his/her license or to the license of any sub-contractor they want to track. The tracking is initiated by the contractor, who must establish a password-protected login account. Contractors may add or remove licenses from



the eWatch list at any time. Licenses continue to be monitored until removed. This service will benefit consumers because licensed contractors will be able to make sure their subs all correctly licensed at all times.

In addition, contractors will be able to receive email notifications from CSLB, including reminders about license renewals. Currently a licensee receives a letter in mail from CSLB approximately 60 days before a license expires. New system could send emails at variable times leading up to the expiration date. Email reminders will be sent until a renewal is received and processed.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT - CITATION PROCESSING CENTER EXPANSION

Background

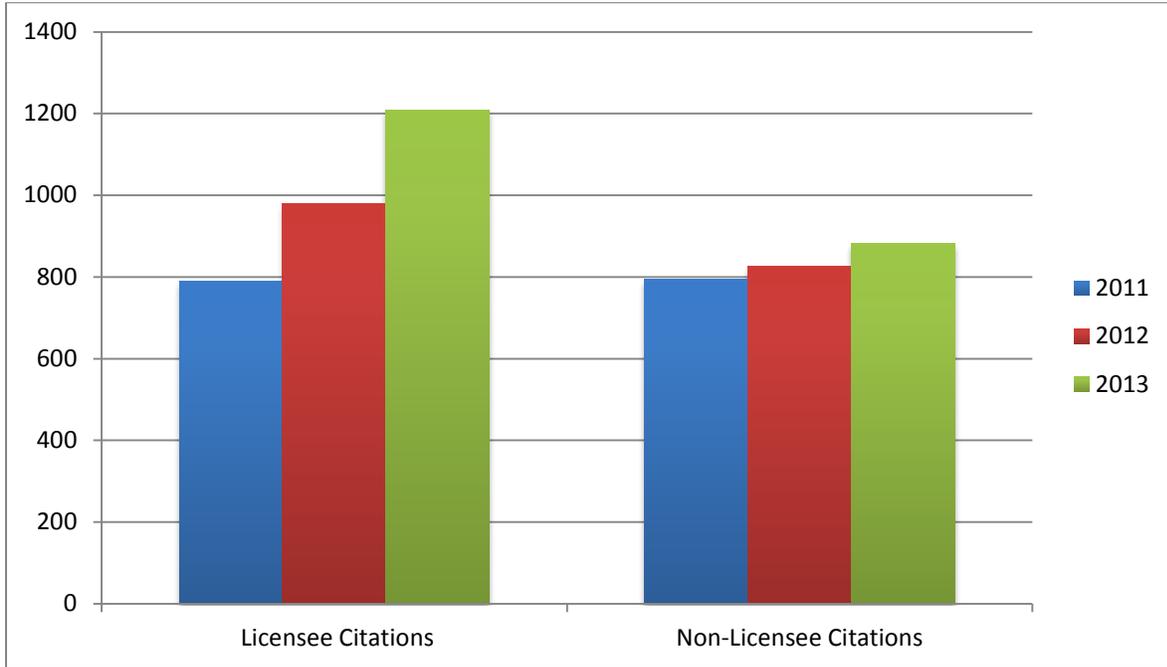
The Citation Processing Center within the Enforcement division's Disciplinary Enforcement Services program handles all citations issued by Enforcement Representatives (ERs) from the Intake and Mediation Centers, Investigative Centers, the Statewide Investigative Fraud Team (SWIFT), and the Quality Assurance and Subsequent Arrest Units.

When a serious violation is established, a citation may be issued that can include an order to correct a project, make restitution to an injured party, and pay a civil penalty of up to \$5,000 for violations committed by licensed contractors and \$15,000 for unlicensed contractors. If the cited licensee or non-licensed cited person complies with the citation order, CSLB takes no further action. If all or part of the citation is contested, a mandatory settlement conference (MSC) may be offered to resolve the matter. If the citation remains unsettled, the licensee or non-licensed person may appeal the citation and request a hearing before an Administrative Law Judge. If the licensee does not prevail at the hearing and does not comply with the citation order, the license may be suspended and eventually revoked. If a non-license person does not prevail and does not comply with the order, the outstanding debt is noted and should that person apply for a CSLB license, the application will be rejected until the debt is satisfied.

The manner of issuing a citation and tracking its progress to determine if an MSC, appeal hearing, suspension or revocation is warranted is a very involved process; reference attached Citation Processing Center flow chart. Issuing a "simple" citation that lists two to three violations can take staff 1.5 hours to complete (includes preparing, mailing, filing and entering the citation into the Teale database).

The quantity of citations has increased due to new legislation and focused enforcement activity related to Stop Orders, worker's compensation insurance, building permit, and illegal advertising violations by licensed and non-licensed contractors. The enactment of Senate Bill 261 now permits CSLB to take administrative action against licensed or unlicensed contractors who commit violations related to the fraudulent possession, alteration, or use of a contractor license. (Previously B&P Code §7114.2 could not be addressed administratively as the statute only allowed it to be charged as a misdemeanor by a prosecutor.) Furthermore, the number of issued citations is expected to grow when both the Quality Assurance and Subsequent Arrest Units hire new personnel to process public work complaints and investigate misdemeanor crimes that substantially relate to the duties, functions, and qualifications of a contractor.

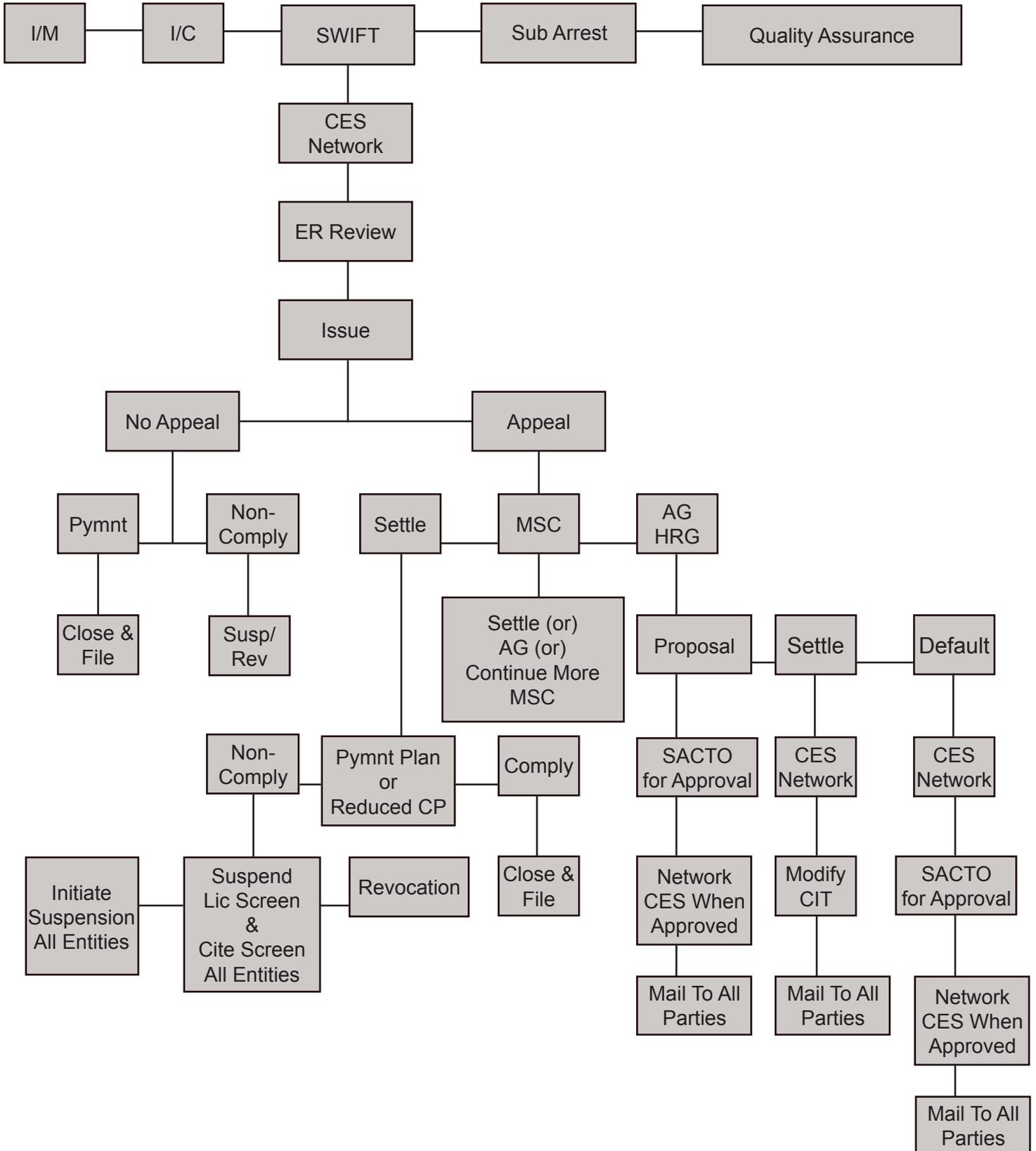
The Citation Processing Center has experienced an increase in the number of citations issued by Enforcement staff during the past three years, as illustrated below.



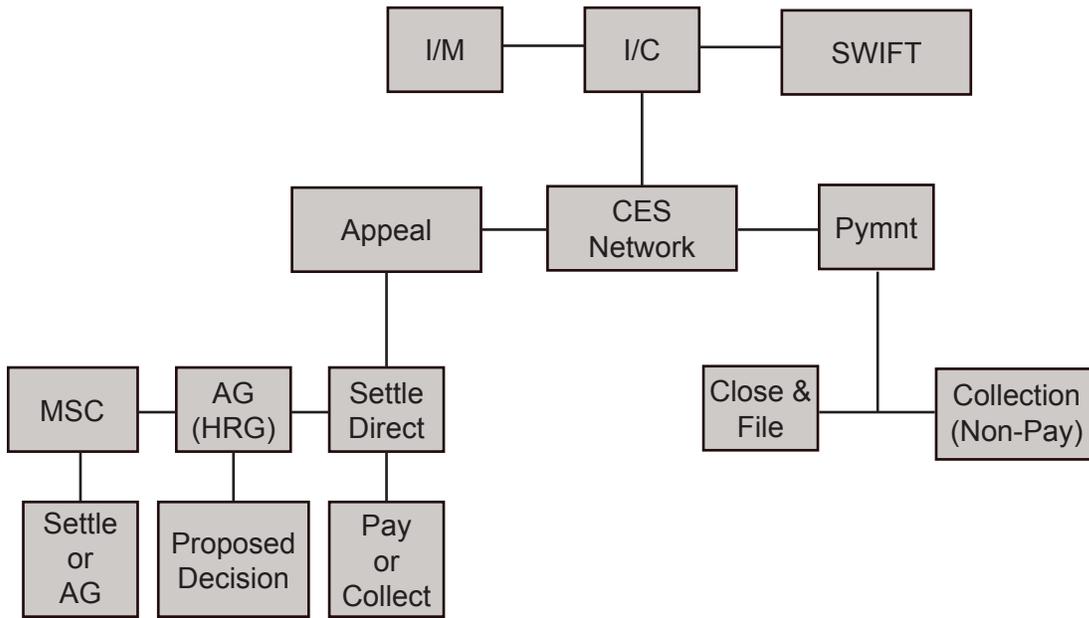
Items for the Board’s Consideration:

1. The Enforcement division seeks approval to expand the Citation Processing Center to keep up with the increasing workload, and requests that CSLB submit a Budget Change Proposal to establish three permanent, full-time positions; two Enforcement Representatives to review citations and, if appealed, enter into negotiation with the contractor during the mandatory settlement process to reduce hearing costs; and one Office Technician to help process citations, schedule mandatory settlement conferences, and manage citation appeals.

Licensees (Statewide)



Non-Licensees (Statewide)





Background

Initially called the Unlicensed Activity Unit, the Statewide Investigative Fraud Team (SWIFT) was established in 1989 to rigorously enforce unlicensed activity. Currently, 33 Enforcement Representatives (ERs) are assigned to the three SWIFT units that are based in Sacramento, Fresno, and Norwalk. An increased need for SWIFT investigators in remote geographic locations needs to be addressed.

For example, there currently are no SWIFT investigators located in Mendocino County. The nearest SWIFT investigator is located over 200 miles away. Leads from this remote area are often not responded to due to lack of resources. The same is true for Stanislaus and Santa Barbara Counties; leads received in these areas often are neglected and go uninvestigated. When an ER is sent to investigate a lead in these areas, CSLB and the State incur steep travel expenses. CSLB's inability to fill positions in these areas has increased commute times and expenses, as ERs are forced to travel from Sacramento, Fresno or Norwalk to respond to a lead, only to find that the unlicensed contracting activity has ceased by the time they arrive.

It is evident that there is a need for more SWIFT investigators in these outlying areas. The Enforcement division requests that CSLB submit a Budget Change Proposal (BCP) to obtain more positions for these remote areas. These positions would be designated as Home-as-Headquarters, allowing investigators to be based out of their home.

Questions for the Board's Consideration:

1. Should the Board consider recruiting SWIFT investigators in remote locations to handle proactive enforcement in Mendocino, Stanislaus, and Santa Barbara Counties?
2. Should the Enforcement division advertise vacant positions as Home-as-Headquarter designations, allowing staff to work from their home when the nearest CSLB office is located more than 50 miles away?
3. Should CSLB specifically recruit in these hard-to-fill geographical locations and consider administering spot exams for the Enforcement Representative series in these regions?
4. Should the Enforcement division submit a BCP for an additional SWIFT supervisory position to direct the additional staff?



Background

In June 2010, Board members unanimously approved establishing a pilot Public Works Unit (PWU) and designated two Enforcement Representatives (ERs) to work with awarding authorities, labor compliance organizations, and the Department of Industrial Relations' (DIR) Division of Labor Standards Enforcement (DLSE) to ensure that contractors working on public works projects are properly licensed and abide by California's Public Contract Code (PCC) and Labor Code (LC).

Since its implementation, PWU has had great success. During 2013, PWU closed 142 complaints – a 68 percent increase from 2012 – with 41 complaints referred for administrative disciplinary actions and four referred to prosecutors to file charges for criminal violations. Additionally, licenses were not issued to known public works offenders: ten applicants withdrew applications and three were formally denied based on violations established by DLSE as well as other misrepresentations/omissions on the applications.

Also during 2013, PWU developed innovative protocol and established the disclosure of partner agencies' disciplinary actions on public works projects. This was accomplished by redirecting CSLB website users from the license history page to the partner agency's website. This disclosure provides an easily accessible means for awarding authorities and prime contractors to determine if a contractor is a responsible/responsive bidder for public works projects.

Staff launched the project with two partner agencies: DIR's DLSE and the California Department of Transportation (Caltrans), but will be expanding to other agencies in the future. Since the program was initiated, disclosure has been placed on the website for all public works contractors that were subject to a prevailing wage decision by the DIR Director. Due to this success and increased workload, the Enforcement division redirected staff from other units and placed them in PWU, doubling its size from two to four investigators. However, as demand continues to increase, the Enforcement division foresees the need to further expand the Public Works Unit.

Items for the Board's Consideration:

1. The Enforcement division seeks approval to expand the Public Works Unit to keep up with increasing workload, and requests that a Budget Change Proposal be submitted to establish two additional ER positions that are dedicated to the investigation of public works complaints.
2. In addition, the Enforcement division requests approval for one Enforcement Supervisor position to oversee the Public Works Unit. Currently, these investigators report directly to the Chief of Enforcement. Providing a supervisor to oversee the unit will free up the Chief's demanding schedule and allow the supervisor to better direct day-to-day PWU operations.



3. The Board also is asked to approve the establishment of an Office Technician (OT) position to provide clerical support to PWU. The OT would assist by opening and closing complaints in TEALE, packaging the complaints, and performing other clerical tasks.



CONTRACTORS STATE LICENSE BOARD

PUBLIC WORKS PRIORITIZATION

The Enforcement division continuously reexamines its priorities and objectives to ensure that CSLB’s mandate to protect consumers and Board objectives are being met. During the April 2014 Committee Meeting, the Committee requested that the Enforcement division provide a prioritization chart for public works complaints. In an effort to stabilize the Public Works Unit staff’s workload the following chart was developed for the Board’s consideration.

Types of Violations

	Labor Code Violations	Health and Safety	Tax Requirements	Workers' Compensation Violations	Unlicensed Practice	Suspended Contractors	Expired Contractors	Out of Class
Elected Officials								
Law Enforcement								
Partnering Government Agencies		Higher Priority						
Labor Compliance Program								
Labor Compliance Officers								
Industry Leads						Lower Priority		
Public Works Awarding Authorities								
Public Works Contractors								
Other State Agencies								

Board Members’ Strategic Planning Consideration

With the apparent economic upswing, an increase in the number of public works complaints is anticipated. Current resources are inadequate to address any significant increase; therefore, the Enforcement division is asking Board members to help prioritize complaints. Enforcement priorities are depicted in the chart, and Board members are asked to review and rearrange/change priorities, as necessary.

2014 Environmental Scan Contractors State License Board Trends



Prepared by Tom Roy
SOLID Planning Solutions
Department of Consumer Affairs
March 2014



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Introduction

One of the first steps in developing a strategic plan is to conduct a scan and analysis of the environment in which an organization operates. This analysis allows us to take a look at the factors that can impact the organization's success. This is a summary of the results of the environmental scan recently conducted by SOLID for the Contractors State License Board from January to March 2014.

The purpose of this environmental scan is to provide a better understanding of stakeholder, Board member, and Board staff thoughts about the Board's performance within the following categories:

- ◆ Enforcement
- ◆ Licensing and Testing
- ◆ Legislation and Regulation
- ◆ Public Affairs
- ◆ IT and Administration

This document outlines areas where Board members, staff, and stakeholders are in agreement and disagreement while providing additional insight to assist the Board in developing goals and objectives for the upcoming strategic plan.

Please review this information carefully in preparation for the upcoming strategic planning session. At the planning session we will discuss and evaluate this information as a group to identify new strategic objectives the Board will focus on during the 2014-2015 strategic plan period.

If you have any questions about this report, please contact Tom Roy with SOLID at (916) 574-8206 or tom.roy@dca.ca.gov.

Data Collection Method

Information for this survey was gathered by surveying external stakeholders, Board members and Board staff using the following methods:

- ◆ Interviews conducted with eleven members of the Board during March 2014 to assess the challenges and opportunities the Board is currently facing or will face in the upcoming years.
- ◆ A focus group with Board senior staff was held on February 25, 2014 to identify the strengths and weaknesses of the Board from an internal perspective. Eleven Board managers and supervisors participated.
- ◆ An online survey sent to approximately 1,600 Board stakeholders, including licensees, schools and board staff (excluding board managers) in February and March 2014 to identify the strengths and weaknesses of the Board from an external and internal perspective. Over 400 stakeholders completed the survey. The below table shows how stakeholders identified themselves in the online survey.

Stakeholders Breakdown	Number	% of Total
Professional licensee	321	68%
School or college	6	1%
Professional association	9	2%
Consumer/member of the public/representative of the public	9	2%
Board staff member	128	27%
TOTAL:	473	100%

Definition of Data Collection Groups

The majority of data defined throughout this document will be from the following three defined groups:

- External stakeholders: online surveys collected from licensees, schools, programs, professional associations, and consumers.
- Board members and senior staff: data collected by interviews with Board members and a managers focus group.
- Board staff: online surveys collected from 128 employees.

However, in the next section, *Summary of Findings*, on page 6, the data is defined by two distinct groups:

- External Stakeholders: online survey collected from licensees, schools, programs, professional associations, and consumers.
- Board staff: 128 online surveys collected from employees, excluding Board managers.

Summary of Findings

All constituencies (external stakeholders) and Board staff rated the Licensing and Testing goal area as generally effective. In the area of Legislation, and IT and Administration, perceptions differ between Board staff and stakeholders in the areas of Enforcement and Public Affairs.

The tables below illustrate external stakeholder and Board staff perceptions based on the following question asked of each group:

Overall, how would you rate the Board’s effectiveness in each of the following areas?

Totals may not equal 100% due to rounding.

Enforcement Effectiveness		
	<u>Excellent or good</u>	<u>Poor or very poor</u>
External Stakeholders	55%	45%
Board Staff	89%	11%

Licensing and Testing Effectiveness		
	<u>Excellent or good</u>	<u>Poor or very poor</u>
External Stakeholders	89%	11%
Board Staff	86%	14%

Public Affairs Effectiveness		
	<u>Excellent or good</u>	<u>Poor or very poor</u>
External Stakeholders	68%	32%
Board Staff	94%	6%

Legislation Effectiveness		
	<u>Excellent or good</u>	<u>Poor or very poor</u>
External Stakeholders	72%	28%
Board Staff	82%	18%

IT and Administration Effectiveness		
	<u>Excellent or good</u>	<u>Poor or very poor</u>
External Stakeholders	76%	24%
Board Staff	87%	14%

Survey Data Reliability

Based on 473 external stakeholders and board staff who responded to the online survey, we can be 95% confident their opinions represent all Contractors State License Board stakeholders plus or minus seven percent. For example, 89% of stakeholders rated the Board’s overall enforcement effectiveness as good or excellent. Based on our response rate, we can be 95% confident between 83% and 94% of stakeholders would rate the Board’s enforcement effectiveness the same way.¹

To help improve data integrity, the online survey did not provide a neutral option when asking about overall effectiveness. Instead, stakeholders completing the survey chose between a positive choice (excellent or good) and a negative choice (poor or very poor). This allows the Board to better understand whether stakeholders have a positive or negative view of the Board in various areas.

Notes

¹ Source: University of Connecticut sample size calculator www.gifted.uconn.edu/siegle/research/samples/samplecalculator.htm

Enforcement Strengths

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

Each of the three groups identified the Board’s STING operations as a strength and an effective way to deter unlicensed activity in the profession. The Board’s staff is also praised for their knowledge and dedication towards consumer protection.

Comments Regarding Enforcement Strengths		
Stakeholders	Board Members and Senior Staff	Board Staff
<p>CSLB attempts to pursue the violators but are limited by budget and staff.</p> <p>CSLB’s continuous enforcement efforts against unlicensed contractors are a strength.</p> <p>CSLB stings are very effective and CSLB do a great job of publicizing them to local media.</p> <p>Good, consistent updates regarding stings and related videos letting the public know that the Board is active in enforcement.</p> <p>Having peace officers on staff makes a world of difference.</p> <p>CSLB continues to do a good job launching advertising campaigns to make consumers aware of unlicensed activity.</p> <p>CSLB does a good job in urban areas. The requirement to use mediation in resolving complaints is good too.</p> <p>They are responsive to complaints phoned in. I have witnessed their response--KUDOS!</p>	<p>Enforcement program is one of the best programs in California.</p> <p>Enforcement Stings are working well to stop underground economy and send a message to unlicensed contractors.</p> <p>Enforcement program is very visible to the public, shows the Board’s effort towards consumer protection.</p> <p>Enforcement efforts like Senior Scam Stoppers help prevent potential fraud and educate the elderly.</p> <p>Enforcement chief does a great job leading the charge.</p> <p>Eight million dollars in savings back to consumers.</p> <p>Great cooperative relationships with other agencies like: California Energy Commission, Franchise Tax Board, EDD, local law enforcement agencies and the Attorney General’s office to maximize effectiveness of STINGS.</p>	<p>The Enforcement chief gives a pretty good speech about the enforcement program to the Board, outside agencies, and the construction industry.</p> <p>The strength of the board comes from the Enforcement Representatives, who are mostly dedicated and believe in what they are doing.</p> <p>The enforcement department strives to protect the public and consumers. The SWIFT department performs many operations and issues a large volume of citations. This will help the department to generate some income.</p> <p>Proactive enforcement and subsequent legal actions, including coordinating with other local and State agencies helped put our face in the front of consumer protection.</p> <p>The Enforcement Division has a means to capture its success by real statistical data. It proves that the staff work hard and are dedicated to consumer protection.</p> <p>They are able to process a large number of complaints.</p>

Enforcement Challenges

The challenges identified by the three segments include: there is a significant emphasis on Stings but not enough staff to deal with the underground economy and other important emerging areas.

Comments Regarding Enforcement Challenges		
Stakeholders	Board Members and Senior Staff	Board Staff
There needs to be a better enforcement system to insure contractors are properly licensed for the type of work they are performing.	Are Stings the most cost effective response to the underground economy? Planning involved is massive and underground economy is still thriving.	The Enforcement Division does not have access to the tools necessary to perform its job effectively; this includes equipment and information systems.
Not enough enforcement in rural areas or for Board Stings.	Inconsistent interpretation of the law.	The challenge in the enforcement is lack of staff. There is a huge case load in each field office.
Too many unlicensed contractors stealing work from licensed and insured contractors.	Board is under constant threat of being asked to increase enforcement efforts for other entities because of its success.	There is a lack of communication with other state agencies and building officials.
The underground economy is still a major concern.	Auditing certain classifications such as: HVAC, fence installers, pool contractors to ensure contractors are working within their classification, is a drain on resources.	The length of time it takes to revoke a license and the amount of time and research necessary to present cases to DA for possible criminal prosecution is cumbersome.
Unlicensed contractors continue advertising on yelp, craigslist, etc. without penalty.	CSLB needs more enforcement personnel throughout the state; there is a discrepancy between rural and urban areas of the state.	Repeat offenders who aren't concerned about being cited multiple times. If there was a way to "three strikes" repeat offenders to show that there are serious consequences for these actions, but then the legal system has its own issues.
Not enough teeth in enforcement, doesn't stop unlicensed contractors from practicing.	Licensed contractors are underreporting to the EDD and Worker's Compensation Board.	Need to take stronger actions against unlicensed activity.
The processing times from the Board receiving a complaint to investigation are too long.	Enforcement tools in the field need to be updated to newer technologies. Perhaps, we could increase the time to complete investigations without having to report back to field office.	
Consumers not aware of risks in hiring unlicensed contractor.		

DCA Performance Measures Summary

DCA has developed an easy- to-understand, transparent system of performance measures. The performance measures demonstrate DCA is making the most efficient and effective use of resources. Performance measures are linked directly to an agency's mission, vision, strategic objectives, and strategic initiatives.

		2012-13	2011-12	2010-11
Performance measure	Target	Actual	Actual	Actual
Volume (number of complaints)	---	18,140	18,961	21,296
Intake (days)	3	2	2	2
Intake & investigation (days)	180	75	138	133
Formal discipline (days)	540	789	786	747

Glossary of Performance Measure Terms

Volume - Number of complaints and convictions received.

Intake - Average cycle time from complaint receipt to the date the complaint was assigned to an investigator.

Intake & Investigation - Average cycle time from complaint receipt to closure of the investigation process. Does not include cases sent to the Attorney General or other forms of formal discipline.

Formal Discipline - Average number of days to complete the entire enforcement process for cases resulting in formal discipline. (Includes intake and investigation by the Board and prosecution by the Attorney General.)

Suggested Enforcement Objectives

- Hire more enforcement representatives.
- Increase technology to enhance timeframes and efficiency for field investigations.
- Streamline resources.
- Develop field training manual for new hires.
- Investigate more RMO's (Registered Managing Officer) and RME's (Registered Managing Employee) to ensure accuracy and compliance.
- Post investigation manual online.
- Increase training opportunities for investigators.
- Hold periodic statewide enforcement meetings.
- Increase partnership activities to enhance enforcement activities.
- Audit specific classifications for validity to ensure compliance in the trade.
- Develop enforcement priority matrix to address Board focus when resources are limited.
- Survey enforcement staff about additional equipment and resources and feedback about law book.

The above objectives are suggested based on the Environmental Scan results. However, it is the Board's responsibility to develop and approve final objectives for the strategic plan. Please review the objectives above, make changes, or note additional objectives below.

Licensing and Testing Strengths

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

The three segments share a consistent praise of Licensing and Testing staff, including their handling of applications quickly and their consistent and thorough evaluation of testing and exams.

Comments Regarding Licensing and Testing Strengths		
Stakeholders	Board Members and Senior Staff	Board Staff
<p>The continued and improved use of trade people in testing development.</p> <p>CSLB'S testing department seems to run very smoothly. They offer the tests in many locations and are very accommodating if an applicant needs to change their test date.</p> <p>CSLB is very thorough in the area of background investigation when licensing a new contractor and the testing procedure is streamlined, which makes it a very simple process.</p> <p>CSLB provides a newsletter that contains a list of contractors that have been cited for not following the CSLB standards and California law.</p> <p>The website works to verify contractors.</p> <p>The issuance of licenses is controlled to uphold standards and discipline.</p> <p>They have done a good job determining license classifications for each trade.</p>	<p>The Licensing Unit is well run with excellent leadership.</p> <p>Applicants have flexible access to testing locations and lots of exam dates.</p> <p>The strength and the integrity of the exam, which is constantly evaluated and updated. The test is well regarded in the state.</p> <p>Application processing times are quick, with limited backlog.</p> <p>CSLB has improved the wait time in their call center, to reduce caller frustration.</p> <p>CSLB is efficient in processing applications and licenses.</p>	<p>Licensing does a great job of ensuring that if they are not qualified, they are not licensed.</p> <p>The Application Unit has an excellent group of people who are knowledgeable and helpful.</p> <p>The Testing Unit is really easy to work with and always on top of answering any questions.</p> <p>Testing staff are dedicated to ensuring that our candidates are well tested.</p> <p>Background checks ensure at the time of application that the potential licensee has not committed crimes that would put consumers at risk by entering their homes.</p> <p>The ability to get information from other technicians with greater knowledge.</p> <p>CLSB continued to evaluate and update the various areas of testing.</p> <p>There is good information available to the public and contractors on the website.</p>

Licensing and Testing Challenges

Challenges in this area included the call center was noted as having high turnover and low morale. Another challenge identified was customer service and consistency in the criteria being evaluated by application analysts.

Comments Regarding Licensing and Testing Challenges		
Stakeholders	Board Members and Senior Staff	Board Staff
<p>Contractors with license issues reapply through various means in an attempt of fraud, which is something staff needs to look out for.</p> <p>Requests for additional proof of experience often don't make sense and are overly burdensome.</p> <p>There's a lack of consistent criteria in applications department.</p> <p>The test does not focus enough on the business side of contracting.</p> <p>There is a lack of awareness of recent changes that testing is not current with work place practices.</p> <p>The process for getting or adding classifications seems very unclear. There should be a standard process for all eight classifications.</p> <p>CSLB employees lack knowledge or background in the construction field.</p> <p>Construction is a very broad spectrum of many trades, and because many of these trades overlap with associated other trades, defining the scope of these trades can prove to be a challenge.</p>	<p>There isn't a consistent evaluation criterion of applications, which leads to frustrated and confused applicants.</p> <p>Application investigations aren't conducted often enough to verify experience, accuracy of information provided.</p> <p>Providing excellent customer service to applicants with minor errors in the application to help them get a license.</p> <p>Not being able to renew license or pay online is a challenge.</p> <p>It is harder to get up-to-date information on license status and renewal information.</p> <p>Employee turnover in the call center.</p> <p>Applicants retesting over and over to try to learn the test. Re-testers make it harder to gauge the pass rates.</p> <p>Test centers aren't as full and are being used less.</p> <p>Unlicensed applicants are afraid to come forward and attempt to get licensed for fear of punishment.</p>	<p>Low staff morale, specifically in the call center.</p> <p>There is a need for better training of staff, better communication between staff and applicants.</p> <p>Not enough application investigations are conducted.</p> <p>The CSLB call center lacks supervision and adequate staffing.</p> <p>Licensing is bogging down the process for applicants to get licensed.</p> <p>There is poor customer service and professionalism when communicating with public.</p> <p>CSLB is not up-to-date with current trends in fraud and cheating in applications and exams.</p> <p>There is not enough staff who can talk to applicants with their questions on eligibility and experience requirement.</p> <p>There's a lack of consistency in licensing criteria and qualifications.</p> <p>There is insufficient verification of RMO's/RME's (Register Managing Officer/ Registered Managing Employee) on corporate licenses.</p>

Suggested Licensing and Testing Objectives

- Hire more staff in application processing to reduce application processing times.
- Increase application investigation efforts.
- Provide testing in small business and accounting for new applicants to address the necessary skills needed to run a business.
- Increase industry expert training with experienced experts transferring their knowledge to newer industry experts.
- Provide more training in application processing.
- Establish continuing education for licensees.
- Evaluate incomplete applications for common errors and post to CSLB website.
- Develop workflow procedures for application and licensing.
- Conduct process improvements to enhance cycle times.
- Re-evaluate classifications and determine if additional classifications are needed.
- Require applicants to take a law and ethics exam.
- Perform uniform knowledge for environmental trades.
- To increase customer service, dedicate personnel to answering phones.
- Increase staff knowledge of building codes.
- Conduct more frequent reviews of the examinations.
- Provide academic workshops for existing contractors to increase knowledge in changing technology and trade practices.
- Improve knowledge of OSHA statutes.
- Keep staff-up-to-date with trades and classifications.
- Increase licensee fees to provide Subject Matter Experts (SME's) more compensation for their efforts.
- Increase use of probationary license for identified applicants.
- Promote use of testing centers for other activities when not being utilized for exams.

Legislation Strengths

Ensure that statutes, regulations, polices, and procedures strengthen and support CSLB operations.

The three segments agree that the strengths of the Legislation Unit include: their involvement in state legislation and being aware of issues that might affect the Board and striving to create relevant changes to laws to ensure the safe practice of contracting.

Comments Regarding Legislation Strengths		
Stakeholders	Board Members and Senior Staff	Board Staff
<p>There are plenty of laws in place to protect consumers.</p> <p>I think they are doing a great job at addressing issues that require changes in the law.</p> <p>The Board has a good support system in the state legislature.</p> <p>They are keeping contractors licensed and up-to-date with workers compensation insurance.</p> <p>They are proactively legislating against unlicensed and unqualified contractors.</p> <p>It appears that the Board is constantly working towards the goal of having a clear law in place of what the requirements are to be a legitimate contractor.</p> <p>The Board does a good job partnering with other agencies or entities to help coordinate changes in existing laws.</p> <p>They do a good job of protecting the homeowner.</p> <p>The Board has a good voice in Sacramento to inform and enforce when violations are known.</p>	<p>CSLB has great legislative chief.</p> <p>CSLB is respected statewide for success and effectiveness.</p> <p>CSLB has great working relationships with labor and industry.</p> <p>CSLB encourages staff input on ideas that would benefit the consumer and the contractor for potential new laws or regulations.</p> <p>They are doing a great job getting the laws and regulations in place.</p> <p>CSLB has a finger on the pulse of the profession and responds quickly.</p>	<p>Strides have been made to increase Board authority.</p> <p>There have been some changes in the wording of the B&P Code that have helped better define, in plain language, the requirements of the law.</p> <p>The Legislative Unit pays excellent attention to legislative efforts that affect the Board.</p> <p>The Board has an excellent Legislative Chief.</p> <p>My supervisors are very informed and educate staff daily on the changes to statutes, regulations, policies and procedures. I am very fortunate to be in an office with a supervisor that is ready, willing and able to provide staff with the knowledge we need to move forward and complete daily tasks with the most up-to- date information.</p>

Legislation Challenges

The biggest challenge in the Legislation Unit is that there are too many laws in place for the Board to enforce with its current staffing levels. It is also noted that the current laws are outdated and difficult to interpret.

Comments Regarding Legislation Challenges		
Stakeholders	Board Members and Senior Staff	Board Staff
<p>The challenge facing the CSLB is that it may think that it needs more legislation when it doesn't.</p> <p>Laws are meaningless if no one knows about them - and certainly if nobody enforces them.</p> <p>The unlicensed contractor does not care about statutes, regulations, polices, and procedures. They need to know there are grave consequences.</p> <p>Some laws and regulations are out of date and impose needless burdens on the contractor.</p> <p>There isn't any soliciting for support of the enforcement program and the manpower required to provide the services.</p> <p>The Board does not enforce the statutes, they allow un-licensed contractors to flourish and prosper.</p> <p>The laws need to be understandable. Sometimes what's required is confusing or too technically stated.</p>	<p>The sheer scope of the objective to clean up the language of contracting law needs to be broken down into smaller steps and monitored by the committee.</p> <p>The staff is frustrated by the government roadblocks they encounter when attempting to get legislation through.</p> <p>Updating antiquated laws to align with current practices and environment is a time and resource challenge.</p> <p>Areas of the Board are unaware of changes to laws and regulations which impact their efforts.</p> <p>New members of the legislature tend to be unaware of certain areas and inexperienced with professional climate.</p>	<p>Working with DCA and the competing interests of other agencies.</p> <p>People look for the loophole or way around the laws.</p> <p>Contractor state license laws are difficult to understand and interpret without legal expertise or the opinion of a subject matter expert.</p> <p>Enforcement's efforts are hindered by a lack of laws that actually deter unlicensed contracting.</p>

Suggested Legislation Objectives

- Pursue legislation to increase penalties for unlicensed contractors in order to deter underground economy and promote licensure.
- Seek legislation to allow enforcement representatives to investigate active job sites.
- Increase staff awareness of new legislation.
- Review and rewrite current contracting laws in plain language.
- Seek legislation to allow Board to act as an official determinant of the validity of a license.
- Provide end of year training for enforcement staff on new laws that will take effect in the next year.
- Seek legislation to increase amount for surety bond to reflect homeowner risk.

The above objectives are suggested based on the Environmental Scan results. However, it is the Board's responsibility to develop and approve final objectives for the strategic plan. Please review the objectives above, make changes, or note additional objectives below.

Public Affairs Strengths

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

The Public Affairs Unit is highly regarded for its efforts to educate consumers about the dangers of using an unlicensed contractor and their effort to reach more consumers.

Comments Regarding Public Affairs Strengths		
Stakeholders	Board Members and Senior Staff	Board Staff
<p>The website is very informative and a great tool for consumers to seek assistance and file complaints.</p> <p>I have noticed public service announcements warning the public. These are effective. I also see brochures in city building departments advising the use of licensed contractors.</p> <p>I think the periodic newsletter is a good tool.</p> <p>The board is doing a good job in public affairs. I watch your YouTube broadcast and they are very informative.</p> <p>The Board is strong in advertising.</p> <p>Emails from the Board are good, please continue.</p> <p>The Board plays an active role in providing the general public with information pertaining to the building industry.</p> <p>CSLB provides consumers information about the importance of hiring licensed contractors and the dangers and risks involved in hiring someone unlicensed.</p>	<p>The Chief is doing a great job acting as a spokesman for the Board. CSLB continues to expand their message by: using new technologies, upgrading the hearing room, website, and intranet and also by webcasting Board meetings.</p> <p>CSLB does a great job reporting on Board stings and other important enforcement information.</p> <p>The Board is seamless and self-sufficient with their own equipment allowing for more freedom when planning outreach events.</p> <p>The Board collaborates with other agencies and provides much needed outreach to important stakeholders.</p> <p>The Senior Scam Stoppers Program is well-run and very beneficial.</p> <p>The updated intranet and website are great.</p>	<p>The website provides valuable information. CSLB's outreach programs are very successful.</p> <p>Outreach seminars, partnering up with allied agencies, have been well received.</p> <p>We have pamphlets, brochures, and website resources for consumers, contractors, and the general public to utilize.</p> <p>CLSB is very active in the social media arena, as well as getting the word out through television and print outlets.</p> <p>CSLB Senior Scam Stoppers Program is great.</p> <p>The Public Affairs Office is excellent; strong staff, clear direction, and effective communication.</p> <p>CSLB has various publications for homeowners and contractors, the website containing live information, news releases, the top 10 Most Wanted "Violators".</p> <p>The Public Affairs office is very diligent in their efforts to get the word out to the people of California.</p>

Public Affairs Challenges

The most notable challenges of the Public Affairs Unit are: there is not enough varied outreach to reach the variety of populations in the state and consumers are still unaware of the Board, its function and the importance of hiring a licensed contractor.

Comments Regarding Public Affairs Challenges		
Stakeholders	Board Members and Senior Staff	Board Staff
<p>Questions regarding current application polices are left unanswered.</p> <p>Applicants consistently ask about assistance regarding construction management.</p> <p>Not enough public awareness of the Board and the dangers of hiring an unlicensed contractor.</p> <p>Applicants or potential applicants are unaware when changes are made to the licensing process.</p> <p>Convincing licensed contractors that the CSLB is working for them, not against them.</p> <p>We need more PSA's and advertisements. We should not just rely on the Board website to get the message out.</p> <p>There are not enough public education seminars for retired and elder groups in local communities.</p> <p>Public isn't aware of the Board's existence.</p> <p>Informing consumers about the increasing trends in fraud is a challenge.</p>	<p>Not enough outreach to consumers, specifically with the senior communities to protect them for potential abuse.</p> <p>There's not enough outreach. CSLB should continue to inform consumers through all available methods, including multiple languages.</p> <p>CSLB needs to send a harsher message to unlicensed or underreporting contractors, that it is illegal and you will go to jail.</p> <p>Public won't pay attention until it's too late. Board is sending lots of valuable information that's being ignored.</p> <p>The website license look up feature is not user friendly for looking up specific contractors.</p> <p>CSLB needs to prioritize outreach opportunities with their limited budget.</p>	<p>CLSB isn't providing enough information to the public.</p> <p>Resources are limited in getting information and news out to the public. The public and media tend to shy away from stories unless they are sensational or have some kind of pertinence to someone because they have experienced a similar situation.</p> <p>CSLB doesn't inform consumers who do not have access to computers or internet.</p> <p>Make the website more computer friendly for the contractors to understand and move from one site to another.</p> <p>The Information Center staff doesn't have the training to answer consumer questions accurately and in a timely manner.</p> <p>There is a need for more advertising and making homeowners aware that they can be liable for anyone who becomes injured while on their property.</p>

Suggested Public Affairs Objectives

- Increase the number of Public Service Announcements (PSA's) about the importance of checking the license before hiring a contractor.
- Increase awareness of the Board and its efforts to protect the consumer.
- Hire more Public Affairs Unit staff to increase number of outreach opportunities.
- Inform communities about dangers of hiring unlicensed contractors.
- Improve the application forms available on the CSLB website.
- Train Public Affairs staff on licensing and enforcement operations to increase the outreach message.
- Have a CSLB booth at home shows, as well as big box stores like Lowe's and Home Depot.
- Promote a positive message about the Board and its operations (versus a negative approach).
- Provide more outreach opportunities at senior communities.
- Inform consumers about potential homeowner insurance penalties that may result if homeowner hires an unlicensed contractor.
- Provide outreach to high schools for those considering entering the trade.
- Determine feasibility of sending out renewal information and updates via text message, or email by creating accounts and reminders through a CSLB website portal.
- Explore creating an opt-in option for licensees who would like to be available for a search option when a consumer is looking for specific criteria.

The above objectives are suggested based on the Environmental Scan results. However, it is the Board's responsibility to develop and approve final objectives for the strategic plan. Please review the objectives above, make changes, or note additional objectives below.

IT and Administration Strengths

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

The IT and Administration Units are noted as having excellent and timely customer service, especially with clients who have particular issues. Staff is also praised for their knowledge and expertise. In terms of IT, the Board seems to keep up-to-date with the latest advances in technology and efficiency.

Comments Regarding IT and Administration Strengths		
Stakeholders	Board Members and Senior Staff	Board Staff
The Board's website is fairly easy to navigate and understand.	CSLB staff and leadership do a great job. Day-to-day operations are handled well. Members are constantly informed about Board issues.	Our IT people are very helpful and easy to work with. They are able to resolve problems quickly and effectively.
The website seems very good and works well.		IT and Administrative staff are excellent and are always available to assist staff when needed.
Administration provides a lot of support to personnel.	Training for staff has improved dramatically over previous years.	We have a good IT staff. They are dedicated to helping us do our jobs better and design easily accessible information on our website, for both internal and external clients.
The software developed for creating and administering exams, looks very well put together.	IT staff continues to perform with limited resources and are very helpful and responsive. They work well as a team.	IT is on the cutting edge of technology.
The board is very good in IT and Administration.	IT tries to keep CSLB current with latest technologies, and train on newer software to keep CSLB ahead of the game.	Responses to issues brought forth by staff are handled in a timely matter.
Your test re-writers have always been very professional and good at what they do.		
The Industry Expert Program is great.		

IT and Administration Challenges

The IT and Administration Units most significant challenge is diminished client services. For example, both the IT and Administration Units are unable to keep up-to-date on current policies, technologies, equipment and software support. Therefore, online payment, website access and mobile functionality cannot be offered the Board, but would increase credibility and access.

Comments Regarding IT and Administration Challenges		
Stakeholders	Board Members and Senior Staff	Board Staff
<p>Other than license/contractor look up feature, the website is not user friendly. The links sometimes work and is not formatted for mobile use.</p> <p>CSLB needs new and improved systems and more personnel.</p> <p>It's difficult to get someone on the phone or someone to return your call.</p> <p>I have had building departments call the Contractors Board numerous times for certain information and then are given the incorrect answer.</p> <p>IT needs more money to stay on top of emerging technologies and purchase new equipment.</p> <p>The processing of applications of any kind is not very smooth and there is a slow turnaround time.</p>	<p>CSLB is challenged in retaining and recruiting staff.</p> <p>The resources required for preparing for and implementing BreEZe will be a significant challenge.</p> <p>Staff does not clearly understand the levels of the process to transition to BreEZe in order to ensure it works with external agencies that use CSLB systems.</p> <p>There are bandwidth issues that are restricting internet speed.</p> <p>Staying up- to-date with purchasing and upgrading current technologies.</p> <p>Staff knowledge on certain key areas is limited to certain people.</p> <p>Board website could be enhanced with newer technologies.</p> <p>Enforcement staff are limited by antiquated systems and mobile technology in the field that delay the enforcement process.</p>	<p>CSLB is behind other state agencies as far as payments and submitting methods for licensees and applicants seeking licensure or renewal.</p> <p>IT resources are centered in Sacramento with less efficient systems in remote offices; field offices are hindered by geographic location.</p> <p>Personnel are lacking in customer service and not keeping employees informed about policy changes in Human Resources.</p> <p>It is difficult to purchase new technology and ensure that staff has the resources there to support it.</p> <p>Staffing levels, vacancies and level of work versus classification are an issue.</p> <p>Much of the Board's equipment is severely outdated and is in need of repair.</p>

Suggested IT and Administration Objectives

- Hire more personnel for IT support.
- Increase efforts to configure and transition to SCORE 2.0.
- Increase communication efforts between units.
- Update website with more user-friendly functionality.
- Purchase additional vehicles for enforcement efforts.
- Update existing systems with more automated functionality to enhance efficiency.
- Conduct process improvements to increase efficiency in trouble areas.
- Increase remote access to CSLB systems for staff in the field.

The above objectives are suggested based on the Environmental Scan results. However, it is the Board's responsibility to develop and approve final objectives for the strategic plan. Please review the objectives above, make changes, or note additional objectives below.

Major Trends and Changes

There are many factors that may impact the future direction of the licensed contractor profession. These trends and/or changes could be opportunities the Board may want to capitalize on or threats that the Board may want to try to mitigate.

External stakeholders, Board members and Board staff were asked to list potential changes or trends outside of the Board that they felt could impact contractors and the Board's regulatory role. The lists below summarize common concerns:

Professional Practices or Techniques

- Contractors specializing in green building and water conservation.
- Consumers going with unlicensed contractors or contractors willing to get paid under the table or avoid permits all in order to lower costs.
- Contractors not staying educated in changes in industry will need to be brought up to speed to maintain safety for consumers.
- Labor unions representing their interests throughout the state.
- Homeowners attempting more installations themselves because of information available online.
- Emerging trades and classifications that aren't part of the regulatory arena.
- Decrease in apprentices programs.

Technology

- A trend towards using alternate sources of energy in the home. Solar business continues to advertise and promote homeowner benefits.
- Technology rapidly changes the way contractors do business and resources available to the homeowner, if properly installed and regulated.
- Technological advances in the commercial market eventually trickle down to residential use.
- Resources available online continue to increase, information disseminated through social media.
- Homeowners require newer wiring for changing technologies and enhanced functionality in the home.
- Functionality and use of smartphones continues to increase. Contracting and clients rely on more up-to-date information.
- More engineered materials requiring technical methods of construction and installation.

Economy

- Cost of materials continues to rise in the state.
- Economy is in a slow recovery, but unlicensed contracting still very prevalent.
- Less money being spent by homeowners on improvements and remodels.
- Increase in building regulations makes it tougher for homeowners to remodel existing home.
- Real estate business is beginning to increase.

National and State Politics

- Unlicensed work done at extremely low costs makes it difficult for licensed contractors to compete. This is especially challenging when unlicensed activity is being performed by Non-US citizens.
- The changes in EPA regulations continue to change the way contractors do business in California, such as EPA's lead certification and Freon.
- The potential water usage limits during a water emergency.
- Environmental regulations and the impact on the contractor.
- The increase in immigration in the State. California now allows immigrants to get a driver's license without being a US citizen. Will they also be allowed to get a contractor's license?
- The increases in making sure buildings are earthquake compliant throughout the state.



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AGENDA ITEM J

Adjournment

