

MAY 10, 2016
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Enforcement and
Licensing
Committee Meetings





CONTRACTORS STATE LICENSE BOARD

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CSLB Enforcement and Licensing Committee Meetings

Tuesday, May 10, 2016

10:30 a.m.

CSLB HQ, John C. Hall Hearing Room

9821 Business Park Drive, Sacramento, CA 95827

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- E. Adjournment

MAY 10, 2016
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Enforcement Committee Meeting



AGENDA ITEM A

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

ENFORCEMENT COMMITTEE MEMBERS:

KEVIN J. ALBANESE, CHAIR

DAVID DIAS

ROBERT LAMB

MARLO RICHARDSON

FRANK SCHETTER

JOHNNY SIMPSON

NANCY SPRINGER

Committee Chair Kevin J. Albanese will review the scheduled Committee actions and make appropriate announcements.



AGENDA ITEM B

Public Comment Session for Items not on the Agenda and Future Agenda Item Requests

(Note: Individuals may appear before the Committee to discuss items not on the agenda; however, the CSLB's Committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).



AGENDA ITEM C

Enforcement Program Update

1. Undercover Operations and Contractor's License Compliance at Active Job Sites
2. Workers Compensation Insurance Enforcement
3. CSLB Staff Recognition and Commendations





CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

ENFORCEMENT DIVISION GENERAL HIGHLIGHTS

Fifth CSLB Enforcement Academy

Deputy Attorney General Mike Franklin and Quality Assurance Retired Annuitant Doug Galbraith served as instructors of the CSLB Enforcement Academy at the Norwalk office April 25-29, 2016. This week-long Academy provided new CSLB investigators with basic training in how to best conduct their investigations. Academy subjects include investigative techniques, evidence, time management, phone tactics, interview techniques, report writing, the art of testifying, Proposition 115 (hearsay), and Business and Professions Code training. The Academy also includes three interactive workshops in interviewing, report writing, and presenting testimony. Board Member Bob Lamb presented graduation certificates

“Advanced Course II” Completes Module Training for Enforcement Staff

On April 21, 2016, Deputy Attorney General Mike Franklin and Quality Assurance Retired Annuitant Doug Galbraith presented Advanced Course II to 23 staff members from the Fresno, San Francisco, and Sacramento Investigative Centers at CSLB Sacramento headquarters. This class concluded this module of training for all the Investigative Centers. Course subjects included case management, derivative jurisdiction, financial injury, contracts, industry experts, workers' compensation, and workmanship versus abandonment.





INTAKE MEDIATION CENTER HIGHLIGHTS

\$1 Million Contract, No Workers' Compensation Insurance

A general contractor hired a concrete subcontractor to complete the foundation, slab, and concrete walls of a 40-unit apartment complex in the City of Los Angeles. The contract for the concrete work topped a million dollars. The general contractor filed a complaint with CSLB against the subcontractor because of poor workmanship, which led the subcontractor to abandon the job. When contacted by the Consumer Service Representative (CSR) both parties agreed to private arbitration. The CSR asked the subcontractor how many employees a concrete job this large required, and he replied that he had between 10 and 20 workers at different times during the project. The CSR informed the subcontractor that his exemption from workers' compensation (WC) insurance was being cancelled and that he needed to immediately obtain a policy. The contractor obtained valid WC coverage within days.

Police Officer Contract with Colleague Results in Consumer Complaint

A homeowner, who also is a police officer, hired a fellow police officer to install a new roof on his home after verifying that his coworker was a licensed contractor. However, the homeowner quickly became concerned about his coworkers' ability as a roofer and filed a complaint with CSLB. The Consumer Service Representative (CSR) confirmed that the licensed police officer, with a general "B" license, contracted solely for a roof installation and was working outside of his classification, used his siblings on the project without a workers' compensation insurance policy, and failed to comply with permit requirements. The CSR has referred the complaint for filed investigation to address the violations against the contractor.

INVESTIGATION CENTER HIGHLIGHTS

Interim Suspension Order for Serial Service and Repair Violator

Though rarely used, section 494 of the Business and Professions (B&P) Code authorizes immediate interim orders suspending a contractor's license for serious misconduct when there is a demonstrated danger to public health, safety, or welfare. Its application is very appropriate in a case of repeated and egregious violations on the part of a statewide service and repair company (Respondent). The Respondent repeatedly victimized elderly and non-English speaking homeowners who already suffered from some form of home disaster (flooding, fire, etc.). The Valencia Investigative Center ably handled the extremely complex investigation of this company.

On April 22, 2016, on behalf of CSLB, the Office of the Attorney General filed a Petition for Interim Suspension Order based on the Respondent's victimization of five different homeowners in the Los Angeles area. The 20-page petition and supporting 35-page



Memorandum of Points and Authorities document the general pattern of misconduct: The Respondent would induce homeowners to enter contracts by fraudulently claiming that their insurance companies would cover all costs, while simultaneously obligating them (in small fine print on the contract) for paying the bills; the company refused to provide estimates to the homeowners; homeowners' cancellation rights were deliberately misrepresented; and the Respondent's contracts included an illegal waiver of cancellation rights. Two homeowners' attempts at timely contract cancellation were simply ignored, and the company began work anyway. Once work began, the Respondent overbilled homeowners for unnecessary costs and services, and increased the cost of previously agreed to change orders. When various homeowners sued the Respondent, the company settled with some – but included an illegal “gag order” in the settlement agreements. And when homeowners who had settled with the Respondent subsequently filed complaints with CSLB, the company voided these agreements and began collection proceedings for the original amounts due.

For those keeping count, the identified B&P Code violations are: 7116 fraud; 7116.5 subverting a Board investigation and threats and harassment; 7161(b) fraud in the execution; 7161(c) fraud in the inducement; 7110 (in conjunction with Civil Code sections 1689.5 to 1689.13) willful violation of the home solicitation statutes; and 143.5 gag orders. A hearing on the interim suspension order is scheduled for May 13, 2015. CSLB also has filed 14 criminal cases against the Respondent with the Los Angeles City Attorney's Office.

Another Unlicensed Contractor is Guilty

In May 2012, an elderly woman hired a plumbing contractor to repair a leak in her water heater. To fix the modest water damage, the plumbing technician suggested she hire Duane Ray Buchanan, an unlicensed contractor who CSLB cited three times between 2004 and 2011. Buchanan appeared at the consumer's home the next day and demanded to review her homeowner's insurance policy. He then told her that she needed to immediately pay him the \$2,500 deductible. Without preparing a contract or cost estimate, Buchanan proceeded to clean-up the water and provided fans to dry out the rooms; he also informed the homeowner that her floor tile and drywall needed to be removed and replaced because of water damage. Fortunately, the consumer's insurance agent became involved, and discovered that Buchanan had not prepared a contract and was unlicensed. The agent then contacted Buchanan and told him to stop work and not return to the victim's home. When Buchanan provided an invoice for an additional \$1,267 in June 2012, the homeowner refused to pay the bill and notified CSLB.

The San Diego Investigative Center handled the case, and submitted a referral to the San Diego District Attorney. Charges were filed against Buchanan in December 2012; but he failed to appear for his court hearing, and an arrest warrant was issued in February 2013. Throughout 2014, Buchanan continued to commit similar crimes against at least six additional victims. Eventually a local San Diego news station exposed



Buchanan's conduct, and the district attorney began to actively pursue Buchanan. In August 2015, Buchanan was charged with 22 violations, including violations of the B&P code for unlicensed contracting, receiving an excessive deposit, receiving payment that exceeded the value of the work performed or materials delivered, and violations of the Penal Code for elder abuse, diversion of funds, and grand theft. Buchanan pled guilty on January 6, 2016, to one count each of diversion of funds and grand theft and was sentenced to three years of probation, 15 days of public service, and six months jail time (stayed if probation successfully completed). Buchanan also was ordered to pay approximately \$15,000 in restitution to his victims.

Uncertified Electrician Employee Critically Injured

In 2012, CSLB was granted authority to expressly discipline C-10 Electrical Contractors for employing persons to perform electrical work that are not certified to do so under Labor Code Section 108.2, as administered by the Department of Industrial Relations (DIR). CSLB staff worked with the Division of Occupational Safety and Health (Cal/OSHA) to investigate a serious injury that occurred at a commercial project in Madera in which an employee of a licensed contractor attempted to connect an energized solar panel array and received 8,000 volts of electrocution. The employee stopped breathing on site and, though he was resuscitated, suffered permanent brain damage. CSLB's investigation revealed that the contractor had no certified electricians on staff, and CSLB's industry expert concluded that the installation required skilled electrical employees, not laborers. CSLB further confirmed that the licensee's employees did not receive proper safety equipment, contrary to the clear representations of the equipment manufacturer that this be done. DIR determined that the work was subject to the electrical certification requirement, Cal/OSHA has cited the employer for severe violations of safety laws, and CSLB has recommended an accusation against the license.

**STATEWIDE INVESTIGATIVE FRAUD TEAM (SWIFT) HIGHLIGHTS****SWIFT Will Watch for Wanted Fugitive in Ventura County**

An unlicensed plumbing contractor previously operating in Ventura and Santa Barbara Counties has been on the run since 2013. Albert Salono, also known as “Dr. Drain,” was arrested in July 2013 after a joint investigation by CSLB and the Sheriff’s and District Attorney’s offices for the County of Santa Barbara. The suspect used business names and license number(s) not belonging to him to secure plumbing jobs, and the evidence indicated that Salono may have targeted elderly victims. The investigations revealed a pattern of failing to provide estimates, overcharging for contracted work, abandoning jobs, and illegally threatening to file liens against homeowners’ properties. The Ventura County District Attorney recently filed a 70-count felony criminal complaint against Salono and he is now a fugitive with a \$1,000,000 arrest warrant. CSLB will add Salono to its “Top 10” list of wanted offenders.

Napa County Sting “Sets” Obtained Through New Online Public Forum – “Thumbtack”

Investigators with the Northern Statewide Investigative Fraud Team (SWIFT) conducted a two-day sting operation in Napa County on March 9 and 10, 2016, issuing 12 Notices to Appear (NTA) and a non-licensee administrative citation. Investigators used “Thumbtack.com” to obtain operation leads, a relatively new website that operates like a “reverse” Craigslist – homeowners list the projects for which they need help and invite bids. One of the “Thumbtack” suspects provided a \$4,800 bid to build a fence around the sting property while using a license number that did not belong to him, later claiming that it belonged to his brother. The suspect was issued an NTA for contracting and advertising without a license, and the investigator packaged the complaint for the county to recommend charges for felony use of an incorrect license number. The charge is buttressed by the investigator’s subsequent phone call with the true owner of the license, who confirmed that this suspect is not his brother, not known to him, and that he had not given permission for anyone to use his license number.

Northern SWIFT Investigator Heads Out on a Saturday, Winds up with Multiple Busts

In an effort to locate a single suspect, a Northern SWIFT Enforcement Representative (ER) patrolled on a weekend and wound up with two enforcement actions. A licensee had previously contacted the ER about losing a painting job to a non-licensee. In declining the licensee’s “expensive” bid, the Mill Valley homeowner shared her intent to award the job to an unlicensed family friend who “paints on the side.” On Saturday March 19, 2016, the ER traveled to the alleged Mill Valley jobsite, accompanied by a Marin County district attorney (DA) investigator. Although the front exterior of the home



was sufficiently shielded to prevent direct observation, the ER noted multiple non-descript passenger vehicles crowding the front of the home, only one of which was registered to the homeowner. Mid-surveillance, an apparent resident of the home arrived and the investigators were forced to depart the scene. At that time, the ER heard a chainsaw in the distance, and a short detour resulted in the pair visiting an unrelated jobsite on an adjacent street. A quick check uncovered a licensed tree service working with several employees despite the licensee's exemption from workers' compensation insurance on file with CSLB. The ER duly issued the licensee a stop order and a criminal Notice to Appear (NTA) for failing to insure his workers. The pair then returned to the original Mill Valley home, and noticed paint dripping from one of the passenger vehicles outside. Armed with sufficient evidence to approach, the pair confirmed the unlicensed painter to be the homeowner's family friend who explained that he has performed side-work on the weekends for years. Another stop order and NTA were issued for the contracting and the workers' compensation violations. The licensee who provided the original tip subsequently sent CSLB a grateful email:

I was phoned by [the ER] that the "sting" that took place . . . was an absolute success. The unlicensed contractor was cited for working without a license and for not having workers' comp insurance for the three other workers. . . . This particular person admitted to doing unlicensed work for over twenty years! . . . Please know my sincere thanks in seeing this along and getting it done.

Marin County Sting Operation Results in Ten NTA's for Unlicensed Contracting

Ten unlicensed contracting suspects received NTAs in Novato on March 10, 2016, during a Northern SWIFT sting operation. The first suspect of the day arrived with three employees ready to work, resulting in the issuance of a stop order at this Marin County sting, which prohibited the contractor from employing workers without a valid workers' compensation policy. The suspect also was criminally cited with a Labor Code violation for failing to insure workers in the dangerous field of tree service. The operation lead noted that several of the NTAs were issued to offenders who SWIFT had previously encountered during compliance sweeps or who are the subjects of Marin County district attorney inspectors' workers' compensation investigations.

Latest SWIFT Blitz Unfolds Across State

On April 5-7, 2016, SWIFT executed its statewide blitz with simultaneous sting operations in the cities of Bakersfield, Salinas, Santa Ana, Santa Rosa, Yuba City, and Yucaipa. CSLB took 93 total legal actions – 83 Notices to Appear (NTA), six non-licensee administrative citations, and four licensee citations. Highlights include: a high bid of \$8,145 for a landscaping project (Santa Rosa); a father and son each receiving NTAs for their "business partnership" (Yucaipa); an NTA suspect wanted by San Bernardino County for a \$10,000 outstanding warrant (Yucaipa); a suspect arrested and booked on an outstanding \$50,000 warrant after an NTA for a \$1,800 concrete bid (Bakersfield); an NTA suspect with suspended license transported to jail and booked on



bench warrant for outstanding child support (Salinas); an NTA suspect with two outstanding warrants totaling \$60,000 related to NTAs issued at prior CSLB stings (Santa Ana); a former Norco State Prison California Correctional Officer issued an NTA for a \$1,600 painting bid (Santa Ana); an NTA suspect and repeat CSLB offender wanted in Santa Clara for an outstanding traffic violation (Monterey); and a suspect referred to SWIFT by an anonymous tip who bid a project, ran from DA Investigators announcing the sting, had previous failures to appear and a suspended driver's license, and who CHP later caught (Santa Ana).

Repeat Officer in Custody for Workers' Compensation Evasion and Felony Theft

Jose Villegas Chavez is an unlicensed offender well known to the CSLB Fresno and Valencia Investigation Centers and Fresno SWIFT. In six legal action referrals based upon complaints against Chavez dating back to 2008, four of the cases resulted in an administrative citation for contracting without a license, and two were referred for criminal prosecution, most recently in January 2014. On April 18, 2016, the Kern County District Attorney contacted Fresno SWIFT to report that Chavez pled guilty to felony theft and a Labor Code violation for failure to provide workers' compensation for employees, with a stipulation that he pay \$90,000 in restitution. Chavez is currently in custody, where he was ordered to remain until a May 13, 2016, sentencing date. Thereafter, he will be sentenced to eight months jail and three years formal supervised probation, with terms to include not contracting without a license and obtaining workers' compensation insurance.

Defendant Sentenced in Workers' Compensation Insurance Fraud and Tax Evasion

In 2012, the Joint Enforcement Strike Force (JESF) – a coalition of California State government enforcement agencies, including CSLB, which work together and in partnership with local and federal agencies to combat the underground economy – conducted an inspection on targeted businesses with suspected active labor to confirm compliance with licensing and employment laws. The operation and subsequent audits revealed that Juan P. Gutierrez of Salinas, operating as Costa Pacific Roofing, had committed premium fraud from October 2010 through October 2013 by falsely reporting that he had no employees and no payroll.

On April 20, 2016, Monterey County District Attorney Dean Flippo announced that Judge Pamela L. Butler had formally sentenced Gutierrez after he agreed to a plea bargain in February. The defendant pled to two counts of making a material misrepresentation in order to obtain a lower workers' compensation insurance premium and one count of willfully failing to file payroll tax returns with intent to evade tax. Given the large amount of restitution owed in the case, the court placed the defendant on felony probation for ten years. Restitution is estimated at over \$718,000, with \$392,224.08 to be paid to the State Compensation Insurance Fund (SCIF). The court also ordered the defendant to serve 250 days in county jail, pay over \$20,000 in fines,



and be subject to other terms and conditions to ensure the that defendant properly conducts any business operations.

Statewide Investigative Fraud Team Reaches out to Local Labor Center

In addition to enforcing industry laws, SWIFT promotes education, awareness, and compliance. A non-profit labor center near a SWIFT field office has been inviting locals who need hands-on work to become “members” of the center for a nominal fee. Once members, the center makes the workers available for projects in the area. The center’s website lists a range of tasks, from collecting leaves, brush, or debris to a series of trades, such as roofing, concrete, or landscaping, and lists an hourly rate for each. Consumers contact the center with a task or trade for which they need a worker, and the center dispatches the member-laborer. In response to concerns about the centers’ activities, on February 11, 2016, the SWIFT team visited the center, alongside a county DA investigator. The investigation confirmed that the cooperative is well run with excellent intentions, but that it did not comply with laws designed to protect people on both sides of these transactions. Since that visit a SWIFT field officer has worked diligently with the center to explain the risks and liabilities that the center, its members, and the public, assume with these activities. SWIFT has recommended changes to the center’s website, which they have agreed to adopt.

Statewide Investigative Fraud Team Statistics

CSLB’s Statewide Investigative Fraud Team (SWIFT) is comprised of Enforcement Representatives (ERs) who aim to enforce license and workers’ compensation insurance requirements at active jobsites and performs undercover sting operations targeting unlicensed persons. Between July 1, 2015 and March 31, 2016, SWIFT conducted 60 sting operations in partnership with law enforcement, district attorney’s, building department and code enforcement officials, and other State agencies. In addition to stings, SWIFT also partners with other State and local agencies and has conducted 151 sweep days to date in fiscal year 2015-16 in various counties across California.

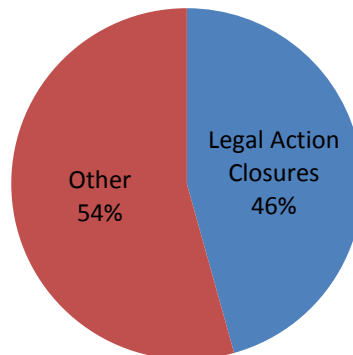
Legal Action Closures

Between July 1, 2015 and March 31, 2016, as a result of stings, sweeps and leads, SWIFT has closed 2,691 cases, in which 1,249 resulted in an administrative or criminal legal action.

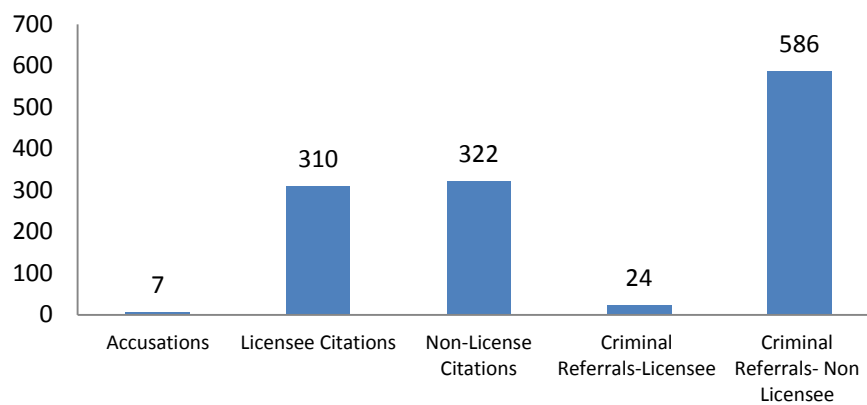
Below is a breakdown of SWIFT legal action closures, where an impressive 610 cases have been referred to local district attorney offices for criminal prosecution.



FY 2015-16 Legal Action Closures



FY 2015-16 Legal Action Closures



**FY 2015-16 Citation Amounts Assessed**

Between July 1, 2015 and March 31, 2016, SWIFT issued 632 licensee and non-licensee citations and assessed an impressive \$578,931 in citations.

	N SWIFT	N SWIFT- LETF	Fresno	S SWIFT	S SWIFT- LETF	Totals
July 2015	\$12,500	\$9,900	\$3,750	\$11,000	\$6,250	\$43,400
August 2015	\$13,250	\$32,000	\$6,250	\$8,250	\$22,250	\$82,000
September 2015	\$4,750	\$13,750	\$14,250	\$15,251	\$33,900	\$81,901
October 2015	\$7,400	\$7,250	\$16,250	\$15,750	\$8,000	\$54,650
November 2015	\$2,250	\$16,000	\$19,250	\$11,750	\$9,750	\$59,000
December 2015	\$14,500	\$11,500	\$21,500	\$30,750	\$6,000	\$84,250
January 2016	\$10,730	\$3,700	\$8,000	\$17,000	\$7,250	\$46,680
February 2016	\$17,750	\$21,000	\$7,250	\$15,500	\$22,000	\$83,500
March 2016	\$8,550	\$5,000	\$4,500	\$13,750	\$11,750	\$43,550
	\$91,680	\$120,100	\$101,000	\$139,001	\$127,150	\$578,931



SPECIAL INVESTIGATION UNIT (SIU) HIGHLIGHTS

Special Investigation Unit Uncovers Illegal Sharing of CSLB License Number

An unlicensed window installer agreed with the general partner of a licensed partnership to use its license number to run a business selling and installing windows. CSLB learned of the operation in a complaint filed by a Discovery Bay homeowner after the illegal business offered the homeowner a “Christmas special” on windows, accepted over \$13,000 in down payments to purchase and install 50 windows, and then completed no work. The Special Investigation Unit (SIU) Peace Officer (PO) investigating the complaint executed a search warrant for bank records connected to the business and confirmed that the unlicensed operator cashed the homeowner’s checks and used the money to pay for medical expenses. The PO also procured an admission from the qualifying partner of the entity sharing its license number that the licensee had agreed to the use of the license number while having virtually no involvement in the business. The case has been referred to the Attorney General’s Office to draft an accusation and the PO is working with the Contra Costa District Attorney’s Office to recommend criminal prosecution of the subject for violations that include using a contractor’s license not belonging to him, contracting without a license, excessive down payment, substantial misrepresentation to obtain a contract, conspiracy to commit a crime, money laundering, diversion of construction funds, burglary, grand theft, theft by false pretenses, and embezzlement.

Previously-Revoked Contractor Defrauds Multiple Consumers

After receiving multiple complaints, a peace officer (PO) assigned to CSLB’s Special Investigation Unit (SIU) conducted a multi-county investigation of an unlicensed solar contractor, whose license CSLB had previously revoked. The revoked licensee directed and operated a solar company fraudulently using a license number issued to his girlfriend, and defrauded several homeowners by accepting full payment upfront through a financing bank, and either providing no work or installing a product of lesser quality and value. Completed investigations have been referred to the Contra Costa, Sacramento, and San Joaquin County District Attorney offices for criminal prosecution for a restricted person acting in the capacity of a contractor, unregistered salespersons, substantial misrepresentation in the procurement of a contract, conspiracy to commit a crime, burglary, grand theft, theft by false pretenses, and burglary enhancements. An accusation has been requested to revoke the girlfriend’s license for aiding and abetting an unlicensed person.

**GENERAL COMPLAINT-HANDLING STATISTICS (FY Jul 2015 - Mar 2016)**

It has been determined that a manageable level of pending complaints for all current CSLB Enforcement staff is 3,020. As of April 2016, the pending case load was 3,812. This increase is attributable to a high number of vacancies among both Consumer Service Representatives and Enforcement Representatives.

To ensure timely mediation and screening of complaints, the optimal case load for Consumer Service Representatives (CSR) is 1,200. As of April 2016, 1,722 complaints were assigned to CSRs. High CSR caseloads are attributed to a large number of vacancies in the Intake Mediation Centers. In April 2016, job offers were extended to fill four CSR vacancies, with three interviews pending.

To ensure timely handling of complaints that warrant formal investigation, the optimal working caseload for ERs assigned to the Board's eight Investigative Centers (IC) is 35 cases per ER. CSLB has 52 IC ERs; therefore, the eight ICs have an optimal capacity for 1,820 open complaints. As of April 2016, 2,090 cases were assigned to ERs. Recruitment of Enforcement Representatives is underway across the State.

The following chart outlines how CSLB determines manageable caseloads:

Job Classification	Current Number of Staff	Closure Goal per Month	Preferred Cycle Time (months)	Maximum Case load per ER/CSR	Maximum Number of Cases per Classification
ERs	52	10	4	35	1,820
CSRs	24	20	2	50	1,200
TOTAL					3,020



Recognizing that a licensed contractor may have made a mistake or that a good faith dispute exists regarding the contracting activity, the Board provides training to CSRs and ERs to assist them in resolving construction-related disputes. For FY 2015-16 (July 2015 through March 2016), Enforcement staff's settlement efforts have resulted in almost \$9 million in restitution to financially injured parties as depicted in the following chart:

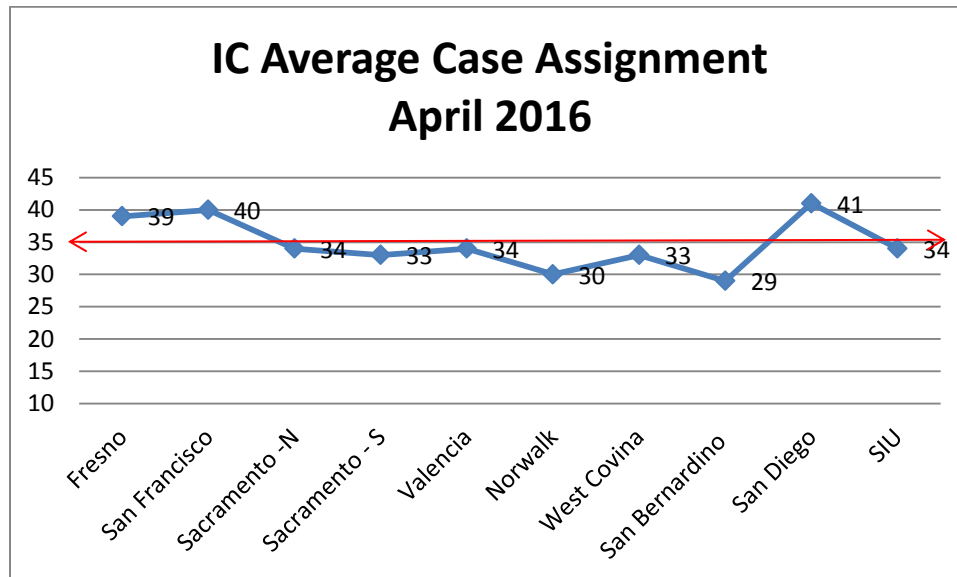
IC Financial Settlement Amount (FY 2015-16)	\$ 3,333,340.69
IMC Financial Settlement Amount (FY 2015-16)	\$ 5,520,230.30

Investigation of Consumer Complaints

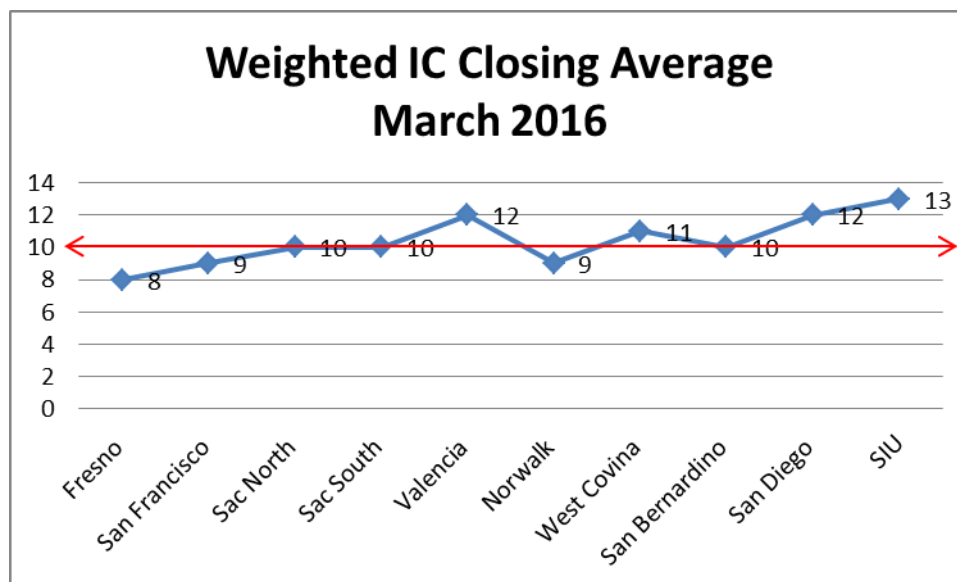
To ensure effective investigation of consumer complaints, the Enforcement division monitors Enforcement Representative (ER) production, pending caseloads, and investigation-closing disposition. To date for FY 2015-16 (July 2015 through March 2016), Investigative Center (IC) ERs have consistently achieved the Board's goal of 10 complaint closures per month, and effective case distribution among the eight Investigative Centers has resulted in a manageable, ongoing case load of approximately 35 cases per ER. Of the 1,547 legal actions during this time, 27 percent were referred to local prosecutors.



The following chart tracks open IC investigations. The goal is for each IC ER to carry between 30 and 40 pending cases. At the end of April 2016, the statewide average was 35 cases.

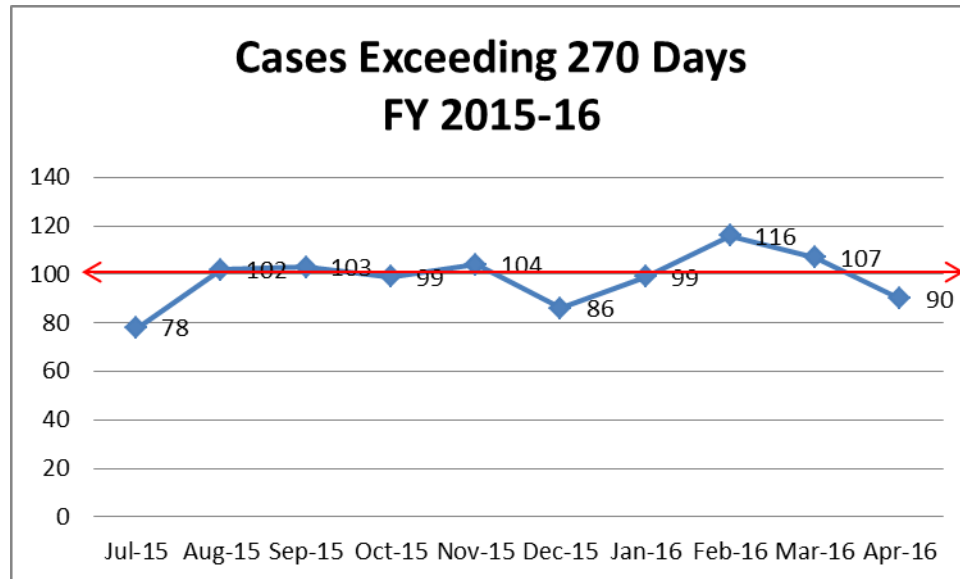


The following chart tracks the Board's target of each IC ER maintaining a weighted monthly closing average of 10 cases.



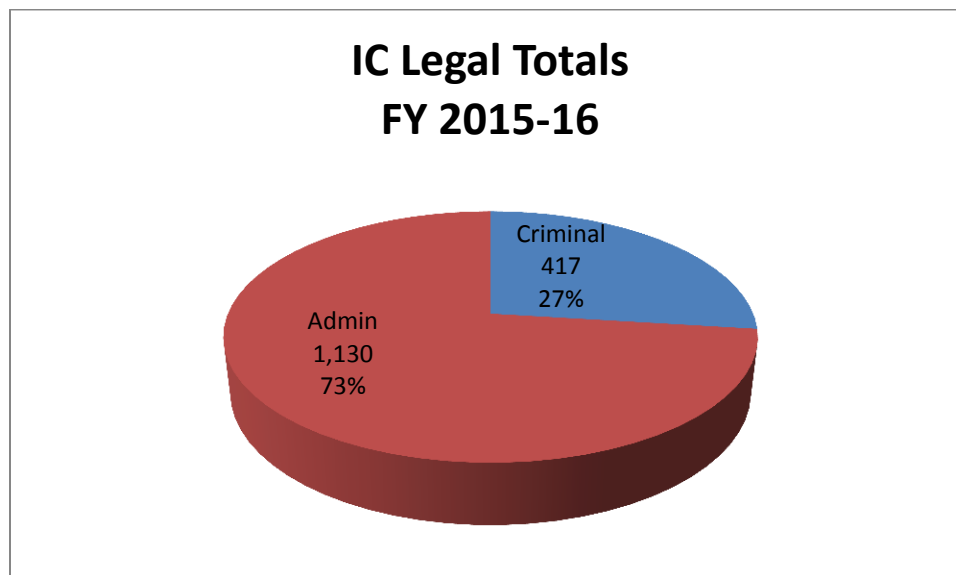


Historically, the Enforcement division has more than 3,000 consumer complaints under investigation at any given time. The Board's goal is to appropriately disposition all but 100 within 270 days of receipt. Staff's effective management of pending complaints has resulted in consistently meeting this goal. At the beginning of April 2016, there were 90 cases exceeding 270 days in age.



The following chart depicts the number of completed investigations that resulted in an administrative or criminal legal action.

For FY 2015-16 (July 2015 through March 2016, the Enforcement division has referred 27 percent, or 417 legal action investigations, to District Attorneys for criminal prosecution.



**CASE MANAGEMENT FY 2015-16 (Jul-Mar)**

CITATIONS ISSUED		
	Licensee	Non-Licensee
Citations Issued	951	643
Citations Appealed	409	280
Citation Compliance	745	354
MANDATORY SETTLEMENT CONFERENCES		
Scheduled	254	
Settled	157	
Civil Penalties Collected	\$1,207,600	
Legal Fee Savings	\$3,968,928	
ARBITRATION		
Arbitration Cases Initiated		363
Arbitration Decisions Received		302
Licenses Revoked for Non-Compliance		18
Arbitration Savings to the Public – Restitution		\$1,377,423
ACCUSATIONS/STATEMENT OF ISSUES		
Revocations by Accusation		235
Accusation Restitution Paid to Injured Persons		\$150,771
Statement of Issues (Applicants Denied)		41
Cost Recovery Received		\$157,174
Number of Cases Opened		366
Number of Accusations/Statement of Issues Filed		285
Number of Proposed Decisions Received		55
Number of Stipulations Received		55
Number of Defaults Received		112
Number of Decisions Mailed		255

**Status of Board Approved Workers' Compensation Insurance Strategies**

CSLB requires workers' compensation (WC) insurance for issuance of an active license, the reactivation of an inactive license, and to renew an active license, unless the licensee does not employ anyone in a manner subject to California workers' compensation laws (Business and Professions Code section 7125). Licensees must either submit proof of workers' compensation insurance coverage or file an exemption from WC with CSLB. It is commonly known in the construction field that most contractors do employ workers, which raises concerns about the high rate of WC exemptions.

More than 50 percent of contractors' licenses have an exemption from workers' compensation insurance on file with CSLB.

At the December 2015 and April 2016 Board meetings, the Board unanimously approved strategies to identify violators and provide education about and enforcement of existing workers' compensation insurance requirements. Below is a status update on these efforts, followed by additional tactical enforcement strategies the Committee may wish to consider directing staff to perform.

1. State Agency Partnering

A taskforce consisting of CSLB, Employment Development Department, Department of Industrial Relations, and the California Department of Insurance was formed to work on this project.

2. Develop Educational/Warning Letter Regarding Workers' Compensation Compliance

Enforcement presented the educational/warning letter at the April 2016 Board meeting and incorporated the suggestions from both the Board and the public. The letter, which follows, will be mailed in early May to contractors suspected of having a false WC exemption on file.



CSLB

ENFORCEMENT PROGRAM UPDATE

DATE

Contractor Name
Address
City, State Zip Code

Re: Increased Enforcement: Workers' Compensation Exemptions

Dear Contractor:

You are receiving this letter because you have filed an exemption with the Contractors State License Board (CSLB) from the State of California workers' compensation insurance requirements, yet the work you are classified to perform with your license generally requires employees. Failure to secure the payment of compensation as required by Labor Code 3700.5 is punishable by imprisonment in the county jail for up to one year, or by a fine of up to double the amount of the premium, as determined by the court.

CSLB protects California consumers by licensing and regulating the State's construction industry. With industry support, CSLB has established a Contractor's Workers' Compensation Insurance Compliance Task Force. The Board has partnered with the California Department of Insurance, the Employment Development Department, and local prosecutors to enhance enforcement efforts to identify underground economy practices, including those related to workers' compensation, that threaten the ability of legitimate contractors to compete in the marketplace and undermine the economic stability of the State of California.

If you currently do not have a workers' compensation policy but do have employees, you must obtain a WC policy and provide a copy of the certificate of workers' compensation insurance to CSLB by June 1, 2016, either via email (workerscomp@cslb.ca.gov) or by mail:

CSLB Workers' Compensation Unit
P.O. Box 26000
Sacramento, CA 95826

Information regarding workers' compensation requirements is available at:

www.cslb.ca.gov/Contractors/MaintainLicense/WorkersCompensation.asp

Should you have any questions, please contact the Enforcement division Workers' Compensation Unit at (916) 843-6451.

Sincerely,

David Fogt
Chief of Enforcement



3. Research Construction Monitor Database

- In March 2016, Enforcement staff researched permits obtained in Los Angeles, Orange, and San Diego counties with a valuation exceeding \$20,000.
- Of the 91 licensed contractor permits reviewed, 34 were identified as contractors with an exemption from workers' compensation insurance on file.
- In April 2016, CSLB sent the WC educational/warning letter to the 34 licensed contractors previously identified.

Action: Beginning June 1, 2016, staff will determine if any of the 34 contractors obtained a WC policy.

Action: CSLB and Division of Labor Standards investigators will conduct targeted jobsite inspections to confirm workers' compensation compliance between June and August 2016.

4. Review Consumer Filed Complaints for Workers' Compensation Compliance

In 2011, the CSLB Enforcement division's Intake and Mediation Center (IMC) began to notify the Licensing division when a complaint was received against a licensee who had an exemption from workers' compensation insurance on file but acknowledged employing workers.

The IMC continues to investigate all consumer complaints for failure to have WC insurance through a review of the complaint form. A check box on the form indicates that a contractor used employee labor in the performance of the work. When that box is checked, the consumer service representative (CSR) reviews the contractor's WC insurance history to determine if an exemption is on file and takes a statement from the consumer as to the number of employees, names if known and work completed. Subsequently, the contractor is contacted to confirm that he/she has employees and to obtain the admission required to start the suspension process with the Licensing division.

Licensing cancels the contractor's WC exemption and informs him/her, by letter, that CSLB will suspend the license without further notice if proof of a valid WC policy is not submitted within 30 days. The contractor may file a second exemption, but is informed that doing so will subject the exemption to verification

by CSLB and partnering agencies, such as the Employment Development Department (EDD) and Division of Labor Standards Enforcement (DLSE).

Enforcement Data	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
WC Exemption Cancellations	371	472	288	300	305
New WC Policies Obtained	136	174	123	119	110

- Staff reviewed 856 of the consumer filed complaints received by CSLB in February 2016 to determine if the contractor had a WC policy.
- Of the 856 complaints reviewed, 275 licenses, or 32 percent, had an exemption from workers' compensation insurance on file.
- Of these 275 with an exemption, 20 licenses had the exemption cancelled.
- The 20 cancelled exemptions resulted in the following:
 - 17 licenses pending suspension
 - 2 licenses cancelled
 - 1 licensee filed a new exemption

Action: Contractors filing a new exemption will be considered for an invitation to an undercover sting in June 2016.

Action: Out of the 275 licenses with an exemption on file, in 247 cases CSRs could not determine through the screening process whether or not the contractors had employees. An Enforcement analyst will follow up to determine if the assigned ER was able to make such a determination.

5. Specific Classification Workers' Compensation Verification

CSLB staff has determined that the following license classifications are most likely to require employee labor to perform contracting work and are, therefore, most likely to require WC:



Classification	Total - Policies & Exemptions	Number of WC Policies on File	Number of Exempt on File	Percentage of Total with Exemptions
A General Engineering	14,540	8,789	5,751	39%
C-8 Concrete	5,842	3,274	2,568	44%
C-10 Electrical	24,438	10,358	14,080	58%
C-20 HVAC	11,285	4,986	6,299	56%
C-36 Plumbing	14,887	6,074	8,813	59%
C-46 Solar	1,053	637	416	39%

In February 2016, staff performed a random check of licenses in those classifications most likely to employ workers, which resulted in the identification of 229 licenses with an exemption from workers' compensation on file with CSLB.

- 69 of the licensees researched were subject to a consumer complaint, with 201 total complaints.
- 52 of the licensees researched have a website confirming labor.

Action: Assign an Enforcement analyst to serve as a liaison for field staff to follow up on consumer complaints to determine if employee labor was identified.

Action: The assigned Enforcement analyst would provide a summary report for future Board Meetings.

Action: A training curriculum has been developed to educate field staff on how to use the license suspension program in lieu of disciplinary action to enforce workers' compensation compliance. The training will be conducted in June and July 2016.



<u>CLASSIFICATION</u>	<u>NUMBER CHECKED</u>	<u>WEBSITES CONFIRMING LABOR</u>	<u>TOTAL COMPLAINTS</u>
A General Engineering	78	26	101
C-8 Concrete	29	8	25
C-10 Electrical	52	5	26
C-20 HVAC	31	6	16
C-36 Plumbing	31	5	9
C-46 Solar	8	2	24
Totals	229	52	201

6. Public Works Contractors Registered with the Department of Industrial Relations (DIR)

- In March 2016, CSLB researched a list of 25,000 contractors from the Department of Industrial Relations.
- To date, staff has researched every 100th contractor on the list and determined that, of the 250 reviewed, 41 have an exemption from workers' compensation insurance on file with CSLB.
- Staff reviewed exempt licensee websites and determined that 25 sites include evidence of either employees or the ability to self-perform large construction projects.
- In May 2016, CSLB will send the WC educational/warning letter to the 41 contractors.
- On April 7, 2016, staff met with the Labor Commissioner's Office to identify sweep opportunities.
- On April 22, 2016, staff developed plans to partner with the Department of Industrial Relations (Labor Commissioner) to target public works contractors that remain out of WC compliance at a public works sting.

Action: Beginning May 1, 2016, staff will determine if any of the 41 identified contractors have obtained a workers' compensation policy.



Action: Sweeps will be conducted by Labor Commissioner and CSLB investigators to confirm workers' compensation compliance from June to August of 2016.

7. Partnering with 37 Grant Funded Counties

The California Department of Insurance provides \$34.9 million in grants to 37 district attorney offices representing 42 counties in California to combat workers' compensation insurance fraud. Many of CSLB's more egregious complaints include a workers' compensation insurance violation that may provide for criminal prosecution of the WC violation and other contractor's license law violations, rather than a CSLB administrative action.

- Identify and provide each partnering DA with completed investigations that include an insurance fraud violation for the three most significant CSLB offenders in each of the 37 jurisdictions.

AGENDA ITEM D

Prioritization of 2016-18 Strategic Plan's Enforcement Objectives





CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT STRATEGIC PLAN OBJECTIVES

Review, Discussion and Possible Action Regarding 2016-18

Enforcement Strategic Plan Objectives

2016-18 Strategic Plan Objectives

(E) Essential; (I) Important; (B) Beneficial			
#1	Enforcement Objectives		Description
1.1	Implement the memorandum of understanding with the Labor Commissioner's Office (B)	July 2016	Engage LCO staff to inform them about the provisions and process for administering referrals to CSLB
1.2	Update civil penalties assessments (E)	Sept 2016	Revisit penalty guidelines to determine if they have kept pace with inflation and consumer protection requirements
1.3	Reduce solar industry fraud (E)	Dec 2016	Develop outreach, education, and enforcement strategies to address deceptive solar tactics
1.4	Formalize a strategy to identify licensees' misuse of exemptions from workers' compensation insurance requirements (E)	March 2017	Educate violators to achieve compliance and take enforcement action against those who fail to comply
1.5	Reduce legal action expenditures while not compromising consumer protection (E)	July 2017	Develop partnerships with prosecutors and other government agencies to leverage resources and develop a strike force to increase legal action settlements
1.6	Expand proactive enforcement targets (B)	July 2017	Develop strategies and partnerships to include public work projects and larger contractors in proactive enforcement efforts

AGENDA ITEM E

Review, Discussion, and Possible Approval of a Legal Action Expenditure Reduction Plan

1. Partnering with California Department of Insurance Grant Funded Counties to Combat Workers' Compensation Insurance Fraud
2. Provide Educational Letters in lieu of Citations for Less Egregious Permit and Workers' Compensation Violations
3. Establish a Task Force to Explore Settlement of Appealed Citations





STRATEGIES TO REDUCE LEGAL ACTION EXPENDITURES

CSLB Attorney General expenditures through January 2016 (invoiced in February) for fiscal year 2015-16 exceed \$3.1 million, and are projected to reach at least \$5.2 million by the end of the fiscal year. Compared to the same period in the previous FY, expenditures have increased by **11%**, from \$2.8 million, and by **28%** compared to two years ago.

This increase in administrative citations is the result of the successful implementation of Board-approved objectives to rigorously enforce permit and workers' compensation (WC) insurance compliance and discipline contractors convicted of egregious construction-related misdemeanors. In calendar year 2015, CSLB issued 294 standalone permit citations (resulting from industry leads, not consumer complaints), 64 proactive workers compensation citations, and 320 administrative actions for criminal convictions – a total of 678 actions.

To explore enhanced investigative strategies and opportunities to reduce legal action expenditures, Registrar Cindi Christenson and Enforcement Chief David Fogt met with the following attorneys on February 23, 2016, in San Diego:

- Deputy District Attorney Dominick Dugo, Chief of the San Diego District Attorney's Insurance Fraud Division
- Senior Assistant Attorney General Linda Schneider
- Supervising Deputy Attorney General Marc Greenbaum
- Office of Administrative Hearings Presiding Law Judge Alan Alvord

As a result of the meetings, a summary of recommendations follows:

1. **California Department of Insurance Workers' Compensation Insurance Fraud Grant Program**

The California Department of Insurance provides \$34.9 million in grants to 37 district attorney offices representing 42 counties in California to combat workers' compensation (WC) insurance fraud. Many of CSLB's more egregious complaints include a workers' compensation insurance violation that may provide for criminal prosecution of the WC violation and other contractor's license law violations, rather than a CSLB administrative action.

- a) Identify all workers' compensation insurance grant-funded counties and the assigned deputy district attorney and district attorney investigator.
- b) Assign CSLB Enforcement Representatives to partner with grant-funded counties.
- c) Develop partnerships with district attorneys who participate in the Workers' Compensation and Insurance Grant Program.

- d) Identify and provide each partnering DA with completed investigations that include an insurance fraud violation for the three most significant CSLB offenders in each of the 37 jurisdictions.
- e) Seek opportunities to secure a criminal, rather than administrative, filing for all identified unlicensed/uninsured practice.

2. Investigation Efficiencies

Request that the Board relax the zero tolerance policy for taking disciplinary action on all permit and workers' compensation violations referred to field investigation and consider the imposition of less discipline when the licensee has mitigated the damage and provided verification that unlawful acts will not be repeated.

- a) Issue warning letters for violations when the licensee has paid restitution to injured persons to mitigate the violation.
- b) Include warning letters as exhibits to support administrative legal actions when a permit violation is repeated.
- c) Consider accusations when contractors continue to reoffend.

3. Settlement Training

Enforcement staff have received extensive training on investigating and supporting legal actions. The Committee is asked to consider supporting CSLB-sponsored training to deputy attorney generals for the settlement of appealed citations and accusations to avoid an administrative hearing, and training for CSLB staff in the resolution of non-licensee appealed citations to avoid a hearing. Such trainings would include the following:

- a) Pay a private instructor to provide Enforcement staff training on negotiation, mediation, and dispute resolution.
- b) Authorize the Attorney General's office to assist in the development of training for CSLB staff to resolve administrative actions before they require an administrative hearing.
- c) Explore adding a disclaimer statement for settled citations listed on CSLB's website that the result is not an admission of guilt to overcome the reluctance of licensees to settle a citation (given the citation will be disclosed for five years).

4. Legal Action Settlement “Strike Force” and Improvements

To assist contractors subject to a CSLB disciplinary action in resolving an administrative action without incurring the time and expense of a hearing, staff propose consideration of the following legal action settlement practices:

- a) Establish a “strike force” of four CSLB staff members to extend mandatory settlement conferences (MSC) statewide.
- b) Include citations with an order of correction.
- c) Add Van Nuys as a site for settlement conferences.
- d) Build settlement conferences into the legal action program.
- e) Strongly encourage settlement conferences for any hearings scheduled for three or more days.

Over the last year, Norwalk Case Management has incorporated this approach in regard to Southern California licensee citations. This proposal would extend that successful program statewide and expand it to include non-licensee citations via a targeted strike force.

5. Increase Civil Penalties

CSLB civil penalties are significantly lower than partnering state agencies for similar violations, i.e. unlicensed practice and workers’ compensation insurance violations. Further, citation assessments are significantly less than CSLB’s cost to provide for an appeal of an administrative disciplinary action.

- a) CSLB will be permitted to address administrative law judges (ALJ) to:
 - Discuss CSLB’s enforcement policy regarding assisting licensees to settle cases and correct deficient business practices;
 - Offer to resolve complaints through arbitration, and
 - Take legal action only when necessary.
- b) Develop a complaint-handling flow chart for the Office of Administrative Hearings (OAH).

6. Monitor Office of Administrative Hearing and Attorney General Billings

To manage attorney general expenditures, staff has reviewed November 2015 AG billing reports for statements of issues, citations, and accusations that exceed 50 billable hours. Of 683 individual case billing records, 45 involved bills for more than 50 hours, with an average cost of

\$15,274.50. Out of these 45 cases, the average number of hours billed was 90 (380 hours was the highest number of hours billed for one case, which amounted to \$64,727.50).

To address this, staff proposes:

- a) Identifying a CSLB employee to monitor AG case statistics for age and cost on a monthly basis.
- b) Establishing a regular meeting with a representative from the AG's office to assess billings and timeframes.

Recommendations:

The Committee is asked to recommend to the full Board approval of investigative strategies to reduce legal action expenditures as follows:

- 1. Pursue criminal, rather than administrative, prosecution of workers compensation insurance violations.
- 2. Provide for issuance of a warning letter when a contractor is a first time offender, and has mitigated a permit violation by complying with code requirements and paying restitution to injured parties.
- 3. Establish criteria to provide for an increase in citation civil penalties.
- 4. Create a legal action strike force to settle administrative actions without an administrative hearing.
- 5. Redirect staff to monitor OAH/AG expenditures and conduct monthly meetings with the AG's office to discuss excessive billings.

AGENDA ITEM F

Update and Report on Consumer Satisfaction Survey





CONTRACTORS STATE LICENSE BOARD
REPORT ON THE

CONSUMER SATISFACTION SURVEY:
2015 COMPLAINT CLOSURES
(January to December)

Report Date: March 2016

Executive Summary

The Consumer Satisfaction Survey Report is based on surveys of individuals who have filed complaints with the Contractors State License Board (CSLB) Enforcement division against licensed or unlicensed contractors. These surveys assess the public's satisfaction with 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 measures consumer satisfaction for complaints closed in calendar year 2015.

Eight of the nine questions on the 2015 survey were identical to those used since 1993, and the same seven point agreement scale was used. From 1993-2009, 4,800 complainants (400 per month) were selected randomly to receive surveys. In 2010, the survey's format and sampling method were changed. Beginning with 2010, CSLB began to email the survey to all consumers with closed complaints who had provided email addresses. In 2015, 5,607 complainants provided email addresses, of which 5,393 were deemed valid. Surveys were sent out in individual monthly batches throughout 2015 and early 2016.

In 2015, a total of 1,087 complainants, 20 percent of those surveyed, responded to the questionnaire, a rate similar to that of previous years.

Major Findings and Comparison with Previous Years

Table 1 summarizes the survey results from consumers with complaints closed in 2015. The table also includes the annual ratings for the eight consumer satisfaction questions (service categories) over the last four years.

In 2011, the lowest agreement (52%) was for the question, "The action taken in my case was appropriate," whereas the highest agreement (83%) was for the question related to being treated courteously, a consistent pattern for the last five years. From 2014 to 2015, three service categories showed a 1 percent increase, one service category showed a 3 percent decrease, one service category showed a 2 percent decrease, two service categories showed a 1 percent decrease, and one service category remained unchanged.

TABLE 1: HISTORICAL RESULTS OF THE CONSUMER SATISFACTION SURVEY (2011-2015)

Questionnaire Statements	Percent Agreement by Calendar Year				
	2011	2012	2013	2014	2015
1. The CSLB contacted me promptly after I filed my complaint.	81%	81%	77%	80%	77%
2. The procedures for investigating my complaint were clearly explained to me.	74%	75%	72%	75%	74%
3. The CSLB kept me informed of my case's progress during the investigation.	66%	69%	63%	66%	66%
4. I was treated courteously by the CSLB's representative(s).	83%	85%	82%	83%	84%
5. My complaint was processed in a timely manner.	68%	67%	61%	65%	66%
6. I understand the outcome of the investigation (whether or not I agree with the action taken).	67%	69%	67%	69%	70%
7. The action taken in my case was appropriate.	52%	57%	54%	58%	56%
8. I am satisfied with the service provided by the CSLB.	58%	61%	58%	63%	62%

With regard to the most recent data, the following service category showed a 3 percent decrease in satisfaction from 2014 to 2015:

- Question 1: “was contacted promptly.”

No other service category changed more than 2 percent.

Forty-two percent of survey respondents selected “yes” to Question 9, “Before hiring, I inquired about my contractor’s license status with the CSLB,” a 1 percent increase from 2014.

The majority of complaints retained the same characteristics as in previous years:

- Filed by a non-industry consumer (98%)
- Involved a licensed contractor (85%)
- Processed within six months (72%)
- Addressed home improvement repairs or remodeling (83%)
- Was not construction type-specific (65%)

In prior surveys a disproportionate number of responses came from complainants who received favorable outcomes. In order to examine possible response bias, a profile of complaint characteristics was developed for the 5,516 surveyed complainants, including whether or not CSLB considered their complaint outcome positive, and then compared to the 1,087 complainants who responded to the survey. Sixty-two percent of the complaints in the total survey sample were closed in favor of the complainant while 61 percent of the survey responses came from those whose complaints had positive outcomes. This 1 percent discrepancy is the opposite of what usually manifests in this type of survey since, typically, complainants who receive positive outcome are more likely to respond to the CSLB survey. The 2015 results show no indication of positive response bias.

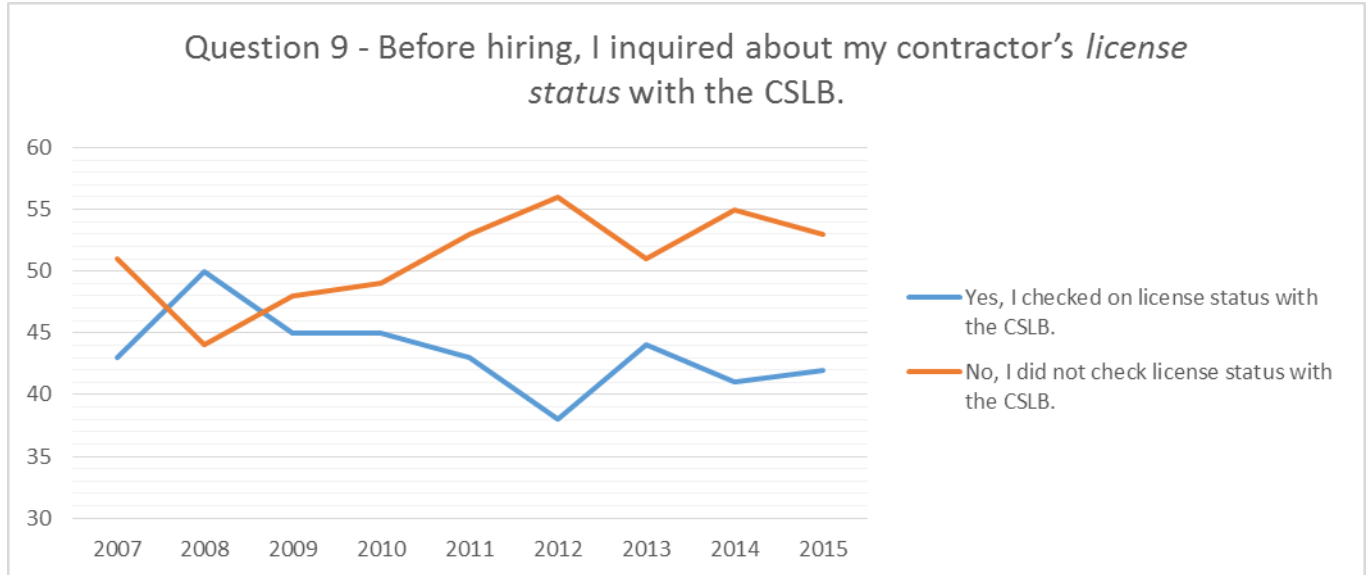
History

In 1994 the Contractors State License Board began a program to improve consumer satisfaction with CSLB's enforcement program. A cornerstone of this effort was a survey to solicit feedback from individuals who filed complaints with the Board. The first postcard survey, covering complaint closures from 1993, 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 CSLB's Testing division. The present report covers complaints closed between January and December 2015 and compares these results with the previous four years.

In 2011, the lowest agreement (52%) was for the question, "The action taken in my case was appropriate," whereas the highest agreement (83%) was for the question related to being treated courteously, a consistent pattern over the last five years.

The Consumer Satisfaction Survey also provides a convenient method for polling consumers on other issues. Since 2000, the survey also has been used to estimate the percentage of complainants who inquired about the contractor's qualifications with CSLB. Agreement with this question has ranged from 29 percent in 2000 to 42 percent in 2015. In 2007, this question was rephrased 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," and the answer choices changed from an agreement scale to a yes/no format. Since 2007, between 38 percent and 50 percent of respondents endorsed this statement (a mean of 43.4 percent). Figure 1 shows these results by year.

Figure 1



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

Project Design

Questionnaire Description

The nine-item 2015 questionnaire was developed in Survey Monkey and included eight questions assessing customer service. Seven of them related to specific aspects of the complaint process, and one was about overall satisfaction. These questions were virtually identical to those used since 1994. Complainants were asked to rate the questions on a seven-point agreement scale that 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 CSLB about their contractor's license status prior to hiring and required a yes/no response. The questionnaire also provided space for written comments. A copy of the questionnaire is attached as Appendix A.

Before receiving the survey, each complainant's email address was linked with his/her case number to allow for an analysis of survey responses by the nature of the complaint. The information from complaint files also helped to determine whether or not the respondent sample was representative of the larger group of complainants.

Sampling Procedure

In calendar year 2015, CSLB completed the investigation or mediation process for 19,906 complaints filed by consumers against licensed and unlicensed contractors, 880 more than in 2014. Complainants who provided CSLB with an email address were selected from all of the closed complaint files in 2015. Duplicate complainants and clearly incorrect email addresses were removed from the sample prior to emailing, leaving a total sample of 5,393. Surveys of consumers whose complaints were closed in that month were emailed throughout 2015 and early 2016.

Analysis Procedure

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

The complaint number attached to each complainant's email address linked response ratings with specific characteristics of the complaint itself. This allowed assessment of 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 also helped to determine whether or not the consumers who responded to the survey were representative of the total sample. Analysts developed a profile of complaint characteristics for the respondent group and compared it 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 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 forwarded to CSLB Enforcement staff. Since 2010, all of the comments have been typed by the complainants themselves, thereby reducing the need to first decipher handwriting and then enter and code the comments.

Results

Response Rate

In 2015, the total number of survey responses, 1,087, was 20 percent of those selected for the sample. The response rate for this survey has ranged from 17-31 percent, which is considered standard for this type of survey.

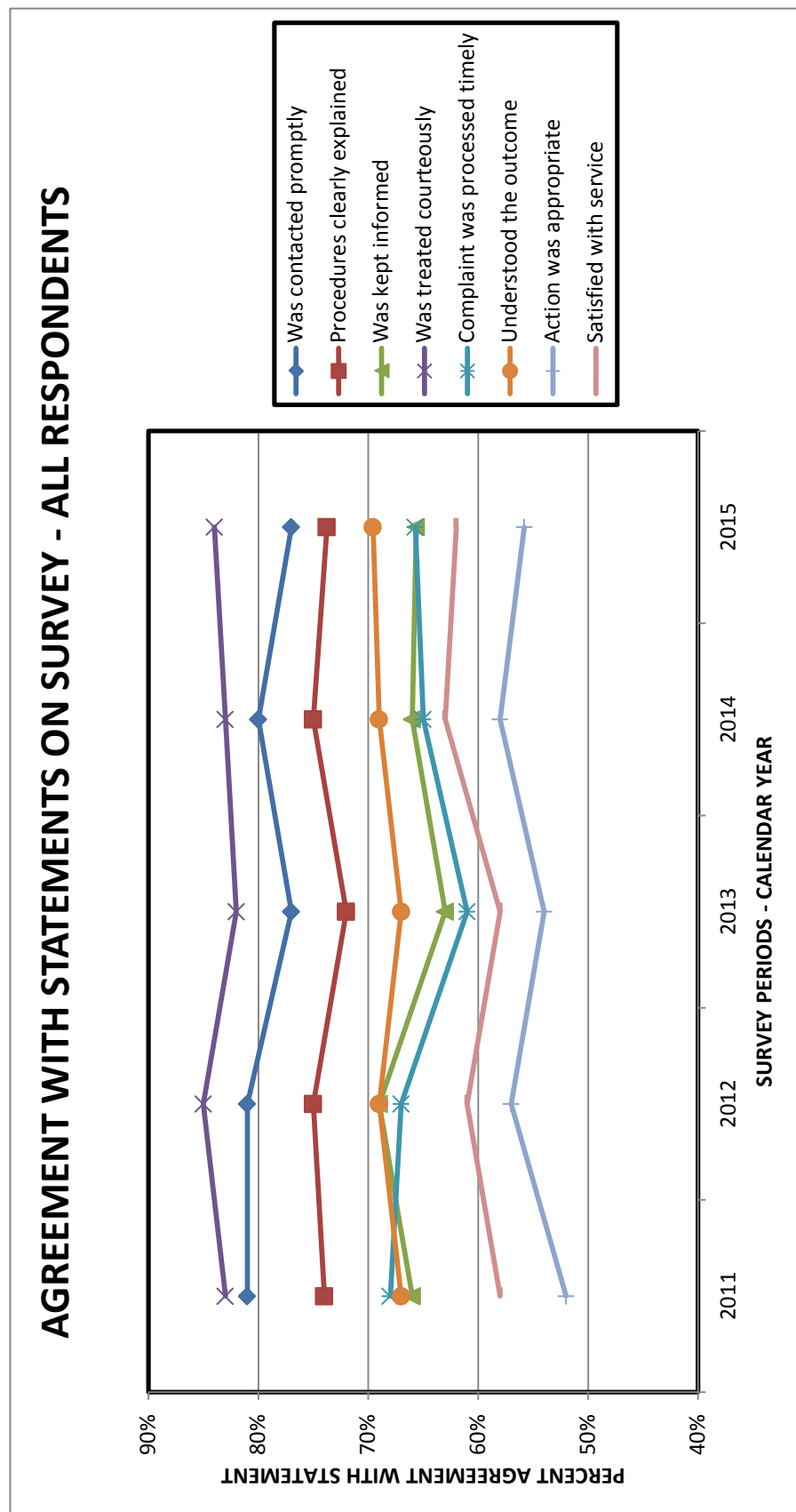
Consumer Agreement with Questionnaire Statements

Appendix B (Table B-1) contains the detailed results for the 2015 Consumer Satisfaction Survey, indicating the individual percentages for each “agreement” category. Table 1 of the Executive Summary presents the satisfaction ratings for the 2015 survey, along with results from 2011 to 2014. This same information is presented in graph form in Figure 2.

Contractor Qualifications

The question addressing contractor 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.” See Figure 1.

FIGURE 2
HISTORICAL RESULTS OF THE CONSUMER SATISFACTION SURVEY
(2011 - 2015) LINE GRAPH PRESENTATION



Complainant's Comments

Sixty-two percent of the responding complainants chose to include comments with their survey responses, a percentage consistent with past results. 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 review.

Sampling Validity

In survey research, respondents to a survey may not be representative of the overall group, which 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 5,516 surveyed complainants and compared to the 1,087 complainants who responded to the survey. The profile, contained in Appendix C, 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. However, the trend did not manifest in the 2015 results. Although 62 percent of the total sample had outcomes in favor of the complainants, 61 percent of the survey respondents had outcomes in their favor. This 1 percent discrepancy is the opposite of what usually manifests in this type of survey. The results from 2012, 2013, and 2014 also indicate the absence of a positive response bias.

Change in Sampling Method

Beginning in 2010, CSLB altered the sampling method 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 survey 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, using an email survey rather than a paper and pencil survey reduces costs and saves staff time and, thereby, makes the most convenient sample those complainants who had provided their email addresses. While convenience sampling can induce bias in a

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

Consumer Satisfaction Survey month/year

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

Consumer Satisfaction Survey month/year

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 2015 Complaint Closures

QUESTION ASKED	STRONGLY AGREE	AGREE	MILDLY AGREE	NEUTRAL	MILDLY DISAGREE	DISAGREE	STRONGLY DISAGREE	NO RESPONSE
1. Was contacted promptly	386 (36%)	360 (33%)	80 (7%)	59 (5%)	57 (5%)	65 (6%)	73 (7%)	7 (1%)
2. Procedures clearly explained to me	355 (33%)	318 (30%)	117 (11%)	71 (7%)	50 (5%)	68 (6%)	92 (9%)	16 (1%)
3. Was kept informed	323 (30%)	271 (25%)	109 (10%)	97 (9%)	59 (6%)	82 (8%)	130 (12%)	16 (1%)
4. Was treated courteously	579 (54%)	273 (25%)	50 (5%)	75 (7%)	20 (2%)	27 (3%)	50 (5%)	13 (1%)
5. Complaint was processed timely	355 (33%)	240 (23%)	105 (10%)	78 (7%)	66 (6%)	75 (7%)	146 (14%)	22 (2%)
6. Understood the outcome	400 (38%)	284 (27%)	57 (5%)	98 (9%)	37 (3%)	49 (5%)	140 (13%)	22 (2%)
7. Action was appropriate	351 (33%)	194 (18%)	46 (4%)	110 (10%)	58 (5%)	84 (8%)	216 (20%)	28 (3%)
8. Satisfied with service	393 (37%)	200 (19%)	65 (6%)	86 (8%)	44 (4%)	82 (8%)	200 (19%)	17 (2%)

YES				NO		NO RESPONSE	
9. Checked contractor's license status with CSLB				457 (42%)	579 (53%)	51 (5%)	

APPENDIX C

Complaint Profiles

Complaint Profiles
(January - December 2015)

TABLE C-1: ORIGIN OF COMPLAINT

Code	Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
C	Construction Industry	2%	3%
P	Public Consumer	98%	97%

TABLE C-2: COMPLAINT PRIORITY

Code	Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
D1	All Others	69%	67%
B1	Multi-Complaints	17%	17%
C7	Non-Licensees	14%	16%

Complaint Profiles
(January - December 2015)

TABLE C-3: INVESTIGATION TYPE

Code	Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
L	Licensed Contractor	85%	83%
N	Non-Licensed Contractor	15%	17%

TABLE C-4: CONSTRUCTION TYPE

Code	Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
0	Electrical	2%	3%
1	All Trades	30%	30%
2	Roofing	5%	5%
3	Painting	3%	3%
4	Masonry and Cement	2%	3%
5	Stucco, Plastering, and Drywall	1%	1%
6	Heating and Air Conditioning	4%	5%
7	Plumbing	7%	7%
8	Cabinets	1%	1%
9	Landscaping	6%	5%
L	Other	31%	32%
M	Insulation	< 1%	< 1%
N	Solar	3%	2%
X	No Construction	4%	4%

Complaint Profiles
(January - December 2015)

TABLE C-5: CONSTRUCTION COST/CONTRACT

Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
No Contract	18%	18%
\$2,000 or less	81%	81%
\$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	< 1%	< 1%

Complaint Profiles
(January - December 2015)

TABLE C-6: FINANCIAL INJURY AMOUNT

Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
\$30,001 or more	70%	69%
No Amount Reported	29%	31%
\$2,000 or less	1%	< 1%
\$5,001 to \$10,000	< 1%	< 1%
\$10,001 to \$30,000	< 1%	< 1%

TABLE C-7: PROJECT TYPE

Code	Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
J	Repairs and Remodeling	83%	81%
L	Other	5%	6%
X	No Construction	5%	5%
F	Swimming Pool	3%	3%
E	New Construction (Home Improvement)	1%	1%
B	New Construction (Single Unit-Custom)	1%	1%
D	New Construction (Commercial)	1%	1%
A	New Construction (Single Unit-Tract)	< 1%	< 1%
C	New Construction (Multiple Units)	< 1%	< 1%

Complaint Profiles
(January - December 2015)

TABLE C-8: ELAPSED TIME OF COMPLAINT PROCESSING

Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
1 month or less	14%	22%
1 to 2 months	22%	19%
2 to 3 months	18%	17%
3 to 4 months	7%	6%
4 to 5 months	5%	5%
5 to 6 months	6%	5%
6 to 12 months	26%	24%
1 to 2 years	2%	1%

Complaint Profiles
(January - December 2015)

TABLE C-9: CLOSING ACTION

Code	Description	% of Respondent Sample (1086)	% of Survey Sample (5516)
CL70	Settled in Screening (CSR) [+]	22%	26%
CL20	Insufficient Evidence	17%	16%
CL90	No Further Action	13%	13%
CL50	Settled in Investigation (Deputy) [+]	8%	6%
CL1C	Citation [+]	7%	6%
CL80	Minor Violation - Warning [+]	6%	6%
CN10	Prosecutor (Non-Licensee) [+]	4%	4%
CN20	Insufficient Evidence (Non-Licensee)	4%	4%
CL30	No Jurisdiction	4%	4%
CN60	Citation (Non-Licensee) [+]	4%	3%
CL1A	Accusation [+]	3%	3%
CL7M	Mandatory Arbitration [+]	3%	3%
CL60	License Already Revoked [+]	1%	2%
CN40	No Further Action (Non-Licensee)	1%	2%
CN30	No Jurisdiction (Non-Licensee)	1%	1%
CN50	No Further Action - Warning [+]	1%	1%
CL40	No Violation	1%	1%
CL7A	Voluntary Arbitration [+]	< 1%	< 1%
CL10	Prosecutor [+]	< 1%	< 1%

AGENDA ITEM G

Adjournment



MAY 10, 2016
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Licensing Committee Meeting



AGENDA ITEM A

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

LICENSING COMMITTEE MEMBERS:

LINDA CLIFFORD, CHAIR

KEVIN J. ALBANESE

DAVID DE LA TORRE

SUSAN GRANZELLA

FRANK SCHETTER

JOHNNY SIMPSON

Committee Chair Linda Clifford will review the scheduled Committee actions and make appropriate announcements.



AGENDA ITEM B

Public Comment Session for Items not on the Agenda and Future Agenda Item Requests

(Note: Individuals may appear before the Committee to discuss items not on the agenda; however, the CSLB's Committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).



AGENDA ITEM C

Review and Discussion Regarding Licensing and Testing Program Updates in the Board Meeting Packet

1. Licensing Program Update
 - a. License and LLC Applications Workload Update
 - b. Experience Verification and Judgment Unit Overview
 - c. Fingerprinting/Criminal Background Unit Statistics
 - d. Licensing Processing Time Statistics
2. Testing Program Update
 - a. Examination Administration Unit Update
 - b. Examination Development Unit Highlights





CONTRACTORS STATE LICENSE BOARD

LICENSING PROGRAM UPDATE

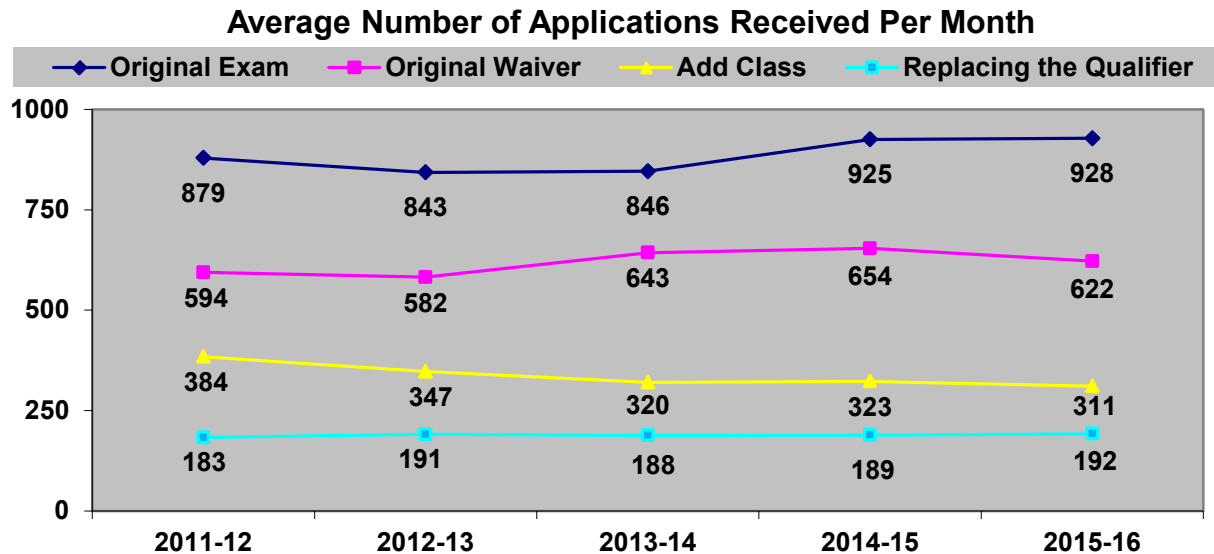
Review and Discussion of Licensing Reporting Documentation

Historically, the Licensing division has utilized various charts to illustrate for the Board activities related to the processing of licensing transactions and productivity. Staff is requesting that the Licensing Committee review and discuss the current Licensing program update to determine the relevancy of the information included, the presentation of data, and any suggestions and/or ideas for future reporting.

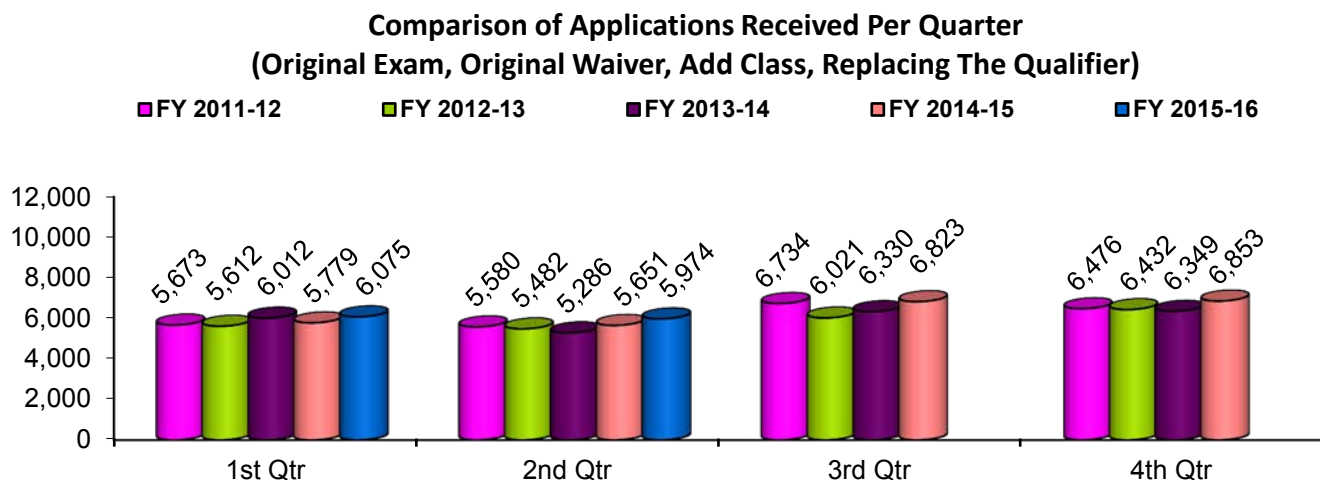
**LICENSE APPLICATION WORKLOAD**

Beginning in fiscal year (FY) 2013-14, the number of applications CSLB received trended upward 2 percent from the previous year, reversing the decline in previous years because of the economic recession and housing downturn.

The following chart provides the average number of applications received per month:



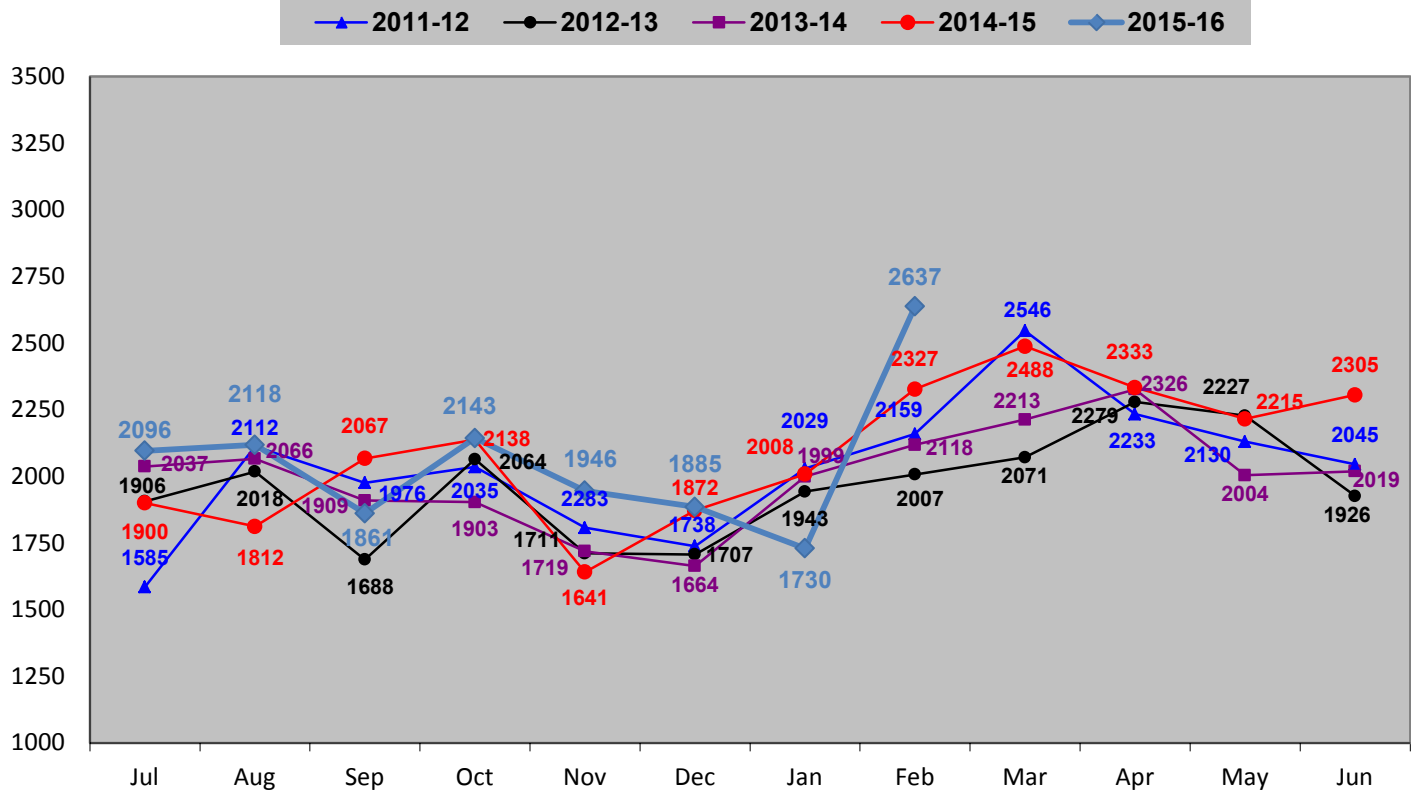
The total number of applications received by fiscal year quarter is shown below:



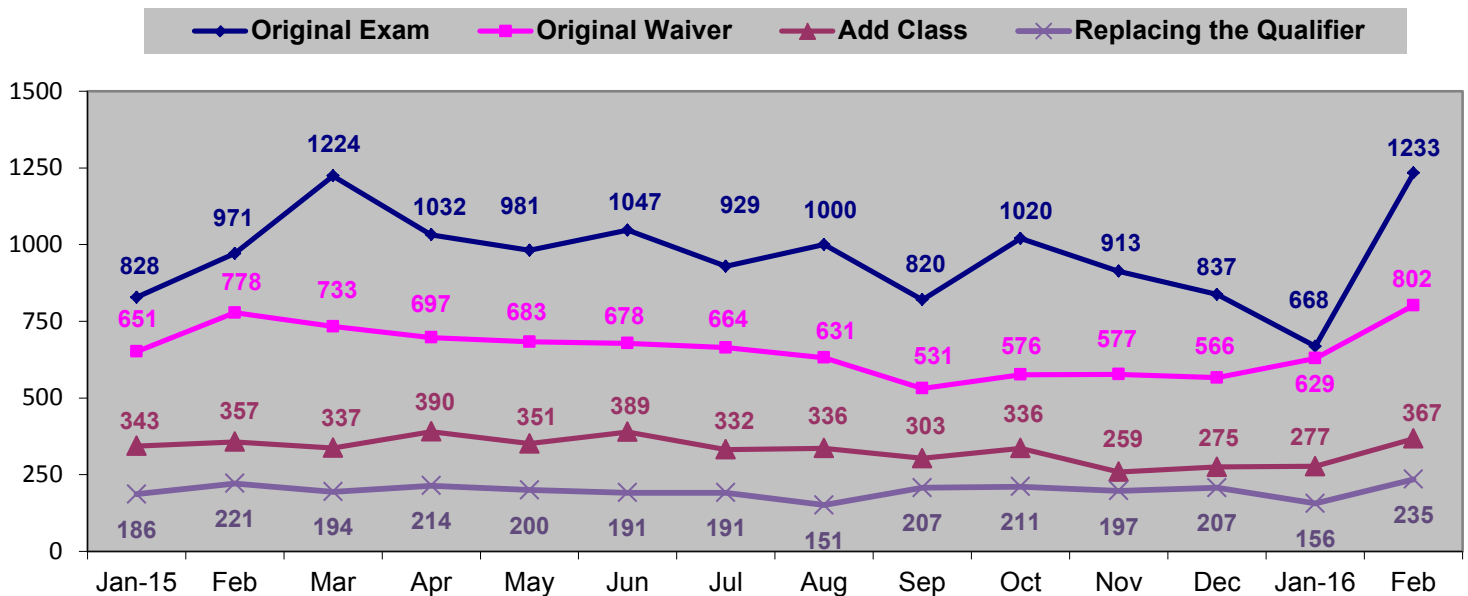
**Increase of 2 percent for total applications received for FY 2014-15
Compared with FY 2013-14**



**Total Number of Applications Received Per Month for Fiscal Year
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)**



Number of Applications Received



**LIMITED LIABILITY COMPANIES (LLCs)**

CSLB has licensed LLCs since January 1, 2012, when a new law (SB 392) gave CSLB the necessary authority.

Of the 3,070 original LLC applications received through March 1, 2016, CSLB issued 1,359 limited liability company contractor licenses. 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 the Secretary of State. The SOI information is required to process the LLC application and provides staff with the total number and names of LLC personnel, which is crucial to determine the appropriate liability insurance requirement (between \$1 million and \$5 million) for the LLC.

Most Common Reasons LLC Applications are Returned for Correction:

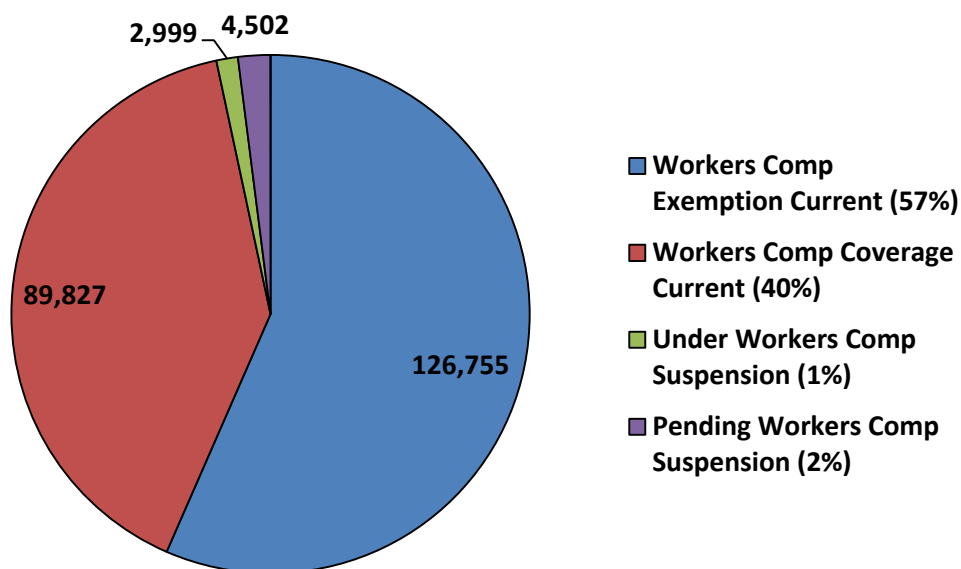
1. The personnel listed on the application does not match the personnel listed on Secretary of State (SOS) records.
2. LLC/SOS registration number and/or business name is missing or incorrect.
3. Personnel information needs clarification or is missing, i.e., DOB, middle name, title.
4. Questions section (page 3 of application, #10-15) is missing or incomplete.

WORKERS' COMPENSATION RECERTIFICATION

Business and Professions Code §7125.5 (Assembly Bill 397) took effect on January 1, 2012. Licensing implemented the requirements of the new law in January 2013, effective for licenses expiring March 31, 2013. This law requires that, at the time of renewal, an active contractor with an exemption for workers' compensation insurance on file with CSLB either recertify that exemption or provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. If, at the time of renewal, the licensee fails to recertify his or her exempt status or to provide a workers' compensation policy, the law allows for the retroactive renewal of the license if the licensee submits the required documentation within 30 days after notification by CSLB of the renewal rejection.

This chart provides a snapshot of workers' compensation coverage for active licenses:

**Workers' Comp Coverage for
Active Licenses - March 1, 2016**



Total Number of Active Licenses: 224,083

Data obtained from Teale Program ACTLICWC

The chart shown on the following page provides the current workers' compensation coverage status (policies and exemptions) on file for active licenses by classification and the percentage of exemptions per classification.



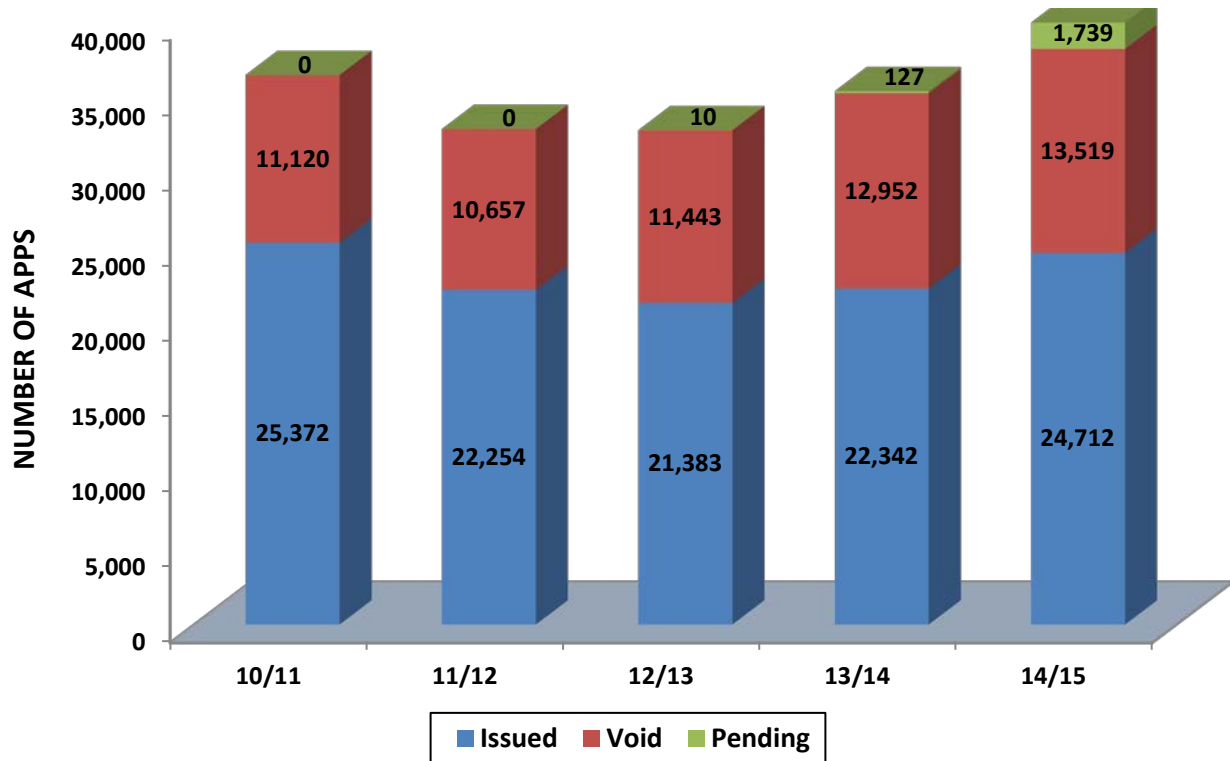
Active License Classifications – Workers’ Comp Status Effective 03-01-2016

	Classification	Number of Exemptions on File	Number of WC Policies on File	Total Exemptions & Policies	Percentage of Total with Exemptions
A	General Engineering	5,734	8,662	14,396	40%
B	General Building	64,007	35,866	99,873	64%
C-2	Insulation and Acoustical	291	864	1,155	25%
C-4	Boiler Hot Water	220	596	816	27%
C-5	Framing/Rough Carpentry	476	278	754	63%
C-6	Cabinet-Millwork	2,866	1,784	4,650	62%
C-7	Low Voltage Systems	2,147	2,595	4,742	45%
C-8	Concrete	2,568	3,243	5,811	44%
C-9	Drywall	1,329	1,667	2,996	44%
C10	Electrical	13,957	10,228	24,185	58%
C11	Elevator	45	159	204	22%
C12	Earthwork & Paving	1,036	1,254	2,290	45%
C13	Fencing	672	777	1,449	46%
C15	Flooring	3,836	3,159	6,995	55%
C16	Fire Protection	748	1,337	2,085	36%
C17	Glazing	1,118	1,591	2,709	41%
C20	HVAC	6,250	4,951	11,201	56%
C21	Building Moving Demo	475	1,011	1,486	32%
C22	Asbestos Abatement	0	192	192	0%
C23	Ornamental Metal	449	526	975	46%
C27	Landscaping	4,838	6,100	10,938	44%
C28	Lock & Security Equip	157	196	353	44%
C29	Masonry	1,115	1,358	2,473	45%
C31	Construction Zone	36	188	224	16%
C32	Parking Highway	194	308	502	39%
C33	Painting	9,010	6,247	15,257	59%
C34	Pipeline	168	306	474	35%
C35	Lath & Plaster	662	1,112	1,774	37%
C36	Plumbing	8,806	6,001	14,807	60%
C38	Refrigeration	987	925	1,912	52%
C39	Roofing	0	4,002	4,002	0%
C42	Sanitation	399	547	946	42%
C43	Sheet Metal	485	1,016	1,501	32%
C45	Signs	389	432	821	47%
C46	Solar	431	629	1,060	41%
C47	Gen Manufactured House	238	190	428	56%
C50	Reinforcing Steel	68	159	227	30%
C51	Structural Steel	422	952	1,374	31%
C53	Swimming Pool	1,052	1,236	2,288	46%
C54	Tile	3,583	2,541	6,124	59%
C55	Water Conditioning	131	169	300	44%
C57	Well Drilling	363	510	873	42%
C60	Welding	561	401	962	58%
C61	Limited Specialty	7,543	8,870	16,413	46%
ASB	Asbestos Cert	349	779	1,128	31%
HAZ	Hazardous Cert	598	1,307	1,905	31%



Disposition of Applications by Fiscal Year
Teale Report S724: Run Date 03-01-2016

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



**FINGERPRINTING/CRIMINAL BACKGROUND UNIT**

CSLB began fingerprinting applicants in January 2005. The California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) conduct criminal background checks and provide Criminal Offender Record Information (CORI) to CSLB for in-state convictions and for out-of-state and federal convictions, respectively.

Since the fingerprint program began, CSLB has received 351,172 transmittals from DOJ. These include clear records and conviction information.

Of the applicants fingerprinted during that time, Criminal Background Unit (CBU) staff received CORI for 61,355 applicants, an indication that DOJ and/or the FBI had a criminal conviction(s) on record for that individual.

As a result of CORI files received through March 1, 2016, CBU denied 1,268 applications and issued 1,502 probationary licenses; 635 applicants appealed their denials.

DOJ and FBI typically provide responses to CSLB within a day or two of an applicant being fingerprinted, but occasionally the results are delayed in order for the agency to conduct further research based on the applicant's record. This does not necessarily indicate a conviction, as sometimes the results reveal a clear record. Recently, at any given time an average of 300 applicants are subject to DOJ/FBI delays. Most delays are resolved within 30 days; however, some continue for 60 or 90 days, or more. Since DOJ and FBI are independent agencies, CSLB has no control over these delays and must wait for the fingerprint results before issuing a license.

Below is a breakdown of CBU statistics by fiscal year.

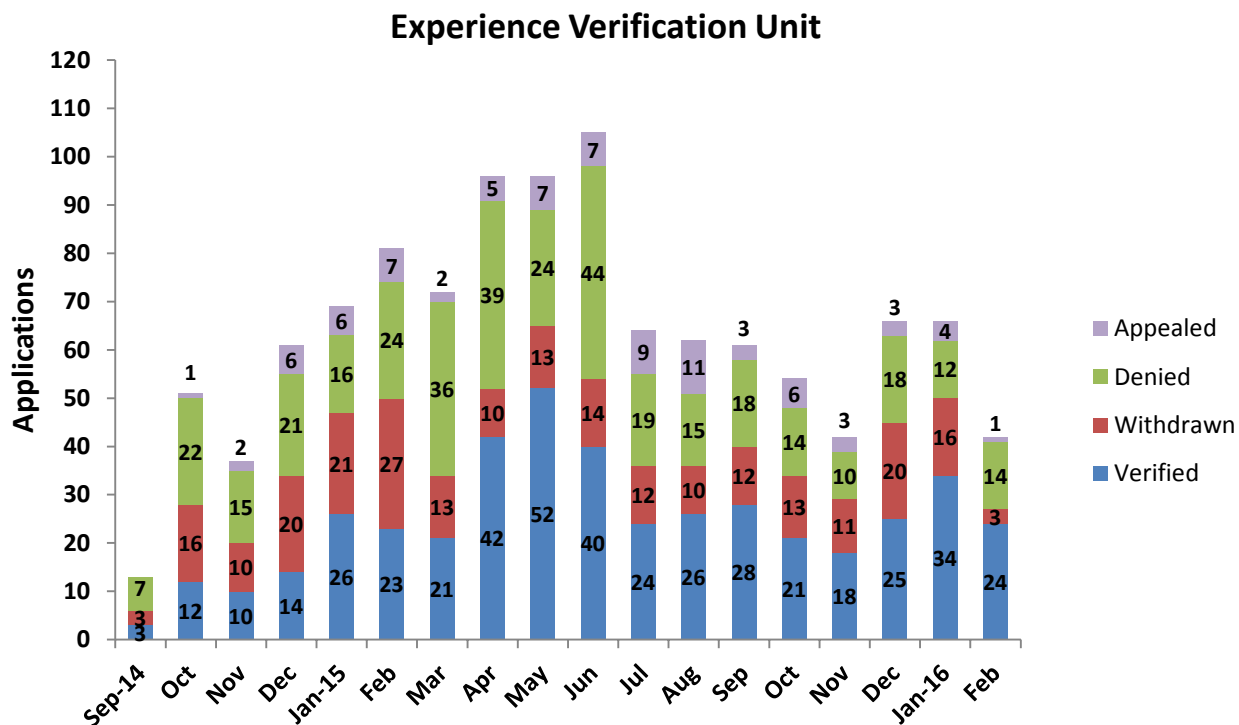
Criminal Background Unit Statistics								
	FY 04-05 thru FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	FY 15-16	TOTALS
DOJ Records Received	216,177	24,730	18,805	18,270	20,395	28,434	19,961	351,172
CORI RAPP Received	35,407	5,201	3,997	3,663	3,768	4,686	3,940	61,355
Denials	907	108	70	67	37	40	39	1,268
Appeals	435	62	39	36	23	21	19	635
Probationary Licenses Issued	825	243	146	71	76	97	44	1,502



EXPERIENCE VERIFICATION UNIT

CSLB is required by law to investigate a minimum of 3 percent of applications received to review applicants' claims of work experience. Until 2005, application experience investigations were performed by the Licensing division. However, in early 2005, when the fingerprinting requirements were implemented, Licensing requested that the application experience investigation workload be transferred to the Enforcement division. This enabled Licensing staff, who had previously conducted application experience investigations, to review criminal histories. However, the Experience Verification Unit returned to the Licensing division on July 1, 2014, statistical reporting was in place by September 2, 2014, and the unit was fully staffed by November 20, 2014. Licensing continues to follow the same procedures as Enforcement.

The following chart provides a monthly breakdown of the action taken for applications referred to the Experience Verification Unit.



Since implementation, the Experience Verification Unit staff has been assigned a total of 921 applications for experience verification. The number of applications referred to the unit each month meets the 3 percent minimum requirement (Business and Professions Code §7068(g) and California Code of Regulations 824).

The Experience Verification Unit denied 368 applications, 83 have been appealed, and 443 verified for continued processing. Two hundred forty four applications were withdrawn. Currently, 86 applications are pending further review or awaiting additional supporting experience documentation from the applicant.



The chart below provides the classification breakdown for appeals, denials, withdrawals, and experience verifications from September 1, 2014 through February 29, 2016.

Experience Verification By Classification

Classification	Total Reviewed by Class	Appealed	Withdrawn	Verified	Denied
A General Engineering	92	15	27	22	28
B General Building	663	52	160	220	231
C-2 Insulation/Acoustic	1			1	
C-4 Boiler Hot Water	1			1	
C-5 Framing/Rough Carp	3			2	1
C-6 Cabinet-Millwork	2			2	
C-7 Low Voltage	7		1	5	1
C-8 Concrete	13		2	5	6
C-9 Drywall	8	2			6
C-10 Electrical	64	1	10	40	13
C-12 Earthwork & Paving	6		1	2	3
C-13 Fencing	3			1	2
C-15 Flooring	13	1	1	7	4
C-16 Fire Protection	2		1	1	
C-17 Glazing	4		1	2	1
C-20 HVAC	38	2	5	17	14
C-21 Bldg. Moving Demo	5		1	2	2
C-22 Asbestos	4		2	1	1
C-23 Ornamental Metal	2		1	1	
C-27 Landscaping	38	3	6	16	13
C-29 Masonry	2		1	1	
C-31 Construction Zone	1				1
C-32 Parking Highway	1		1		
C-33 Painting	24		1	18	5
C-35 Lath-Plaster	5	1		1	3
C-36 Plumbing	53	2	6	33	12
C-39 Roofing	7	1	2	2	2
C-42 Sanitation	2		1		1
C-43 Sheet Metal	1		1		
C-46 Solar	8	1		4	3
C-47 Manufactured Housing	1			1	
C-51 Structural Steel	1			1	
C-53 Swimming Pool	8	1	1	2	4
C-54 Tile	16		3	10	3
C-57 Well Drilling	9		2	5	2
C-60 Welding	3		1	2	
C-61 Limited Specialty	26	1	4	15	6
Totals By Action	1137	83	243	443	368

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

LIC (call center) staff has continued to exceed Board goals. To date, for fiscal year 2015-16, call center agents answer approximately 14,605 calls per month. Call wait times averaged only 4:08, with 98 percent of all incoming calls answered. The average length of each call was 1:16.

These improved statistics can be attributed to improved staffing levels and training. Employees hired in 2014 and 2015 continue to benefit from comprehensive training and are becoming more seasoned each day.

Staffing Update

LIC currently has two vacancies, with 13 full-time Program Technician IIs and two Retired Annuitants.

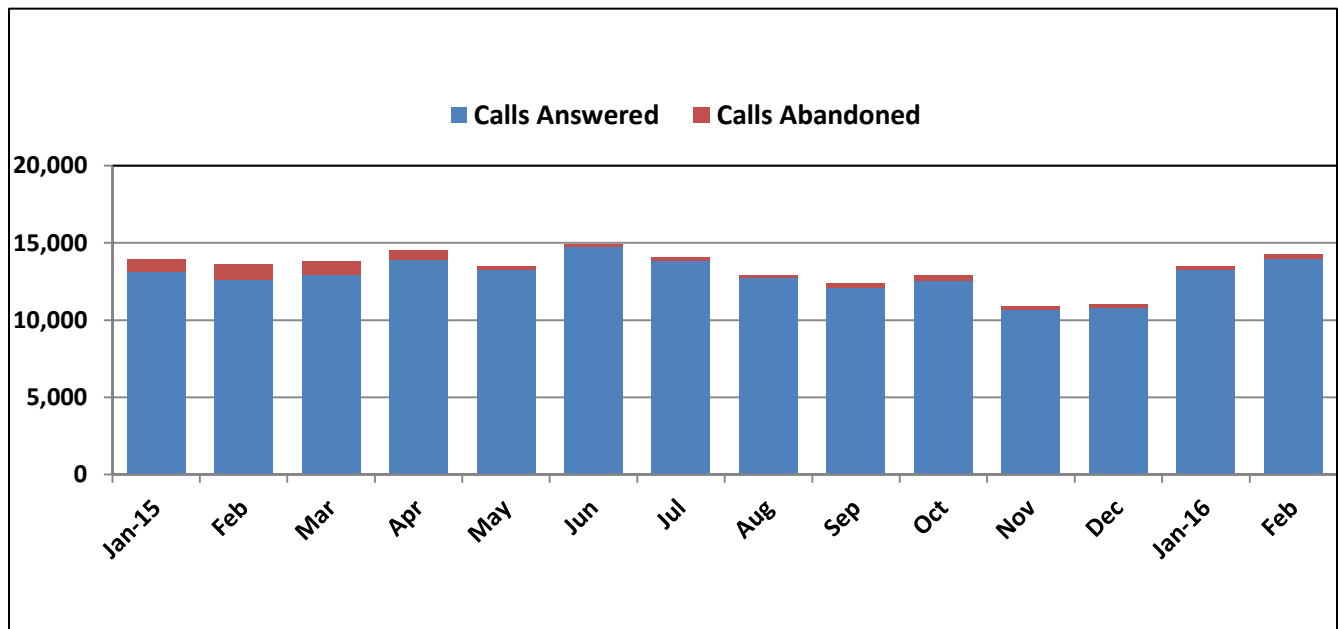
Increased Training

LIC continues to strive to provide timely, efficient, and professional services to its customers. New employees have spent significant time in one-on-one training with seasoned staff and supervisors. LIC meets bi-monthly with the CSLB Classification Deputy for updated classification changes, and keeps in constant contact with all Licensing units to ensure that the public receives the most current information.

LIC analyst Ellen Maier is planning the next round of training for new CSLB employees, and the first class is scheduled for April 2016.

Licensing Information Center Call Data

	Jan 2015	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb
Calls Received	13,984	13,595	13,788	14,490	13,514	14,906	14,060	12,899	12,392	12,889	10,871	11,021	13,500	13,988
Calls Answered	13,156	12,633	12,927	13,889	13,272	14,755	13,810	12,709	12,114	12,527	10,646	10,820	13,291	13,710
Calls Abandoned	823	958	854	599	242	151	250	189	278	357	223	200	205	273
Longest Wait Time	10:32	12:59	12:17	11:06	4:51	2:51	4:01	3:55	5:40	4:37	5:14	7:47	3:51	4:34
Shortest Wait Time	0:45	0:44	0:31	0:34	0:22	0:08	0:07	0:12	0:15	0::21	0:07	0:06	0:12	0:15
Average Wait Time	4:39	4:30	4:12	4:32	4:27	4:17	4:13	4:08	4:00	4:02	4:04	4:20	4:08	4:04



**JUDGMENT UNIT**

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

Outstanding liabilities are reported to CSLB by:

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

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payments of claims are reported to CSLB by:

- Bonding companies

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

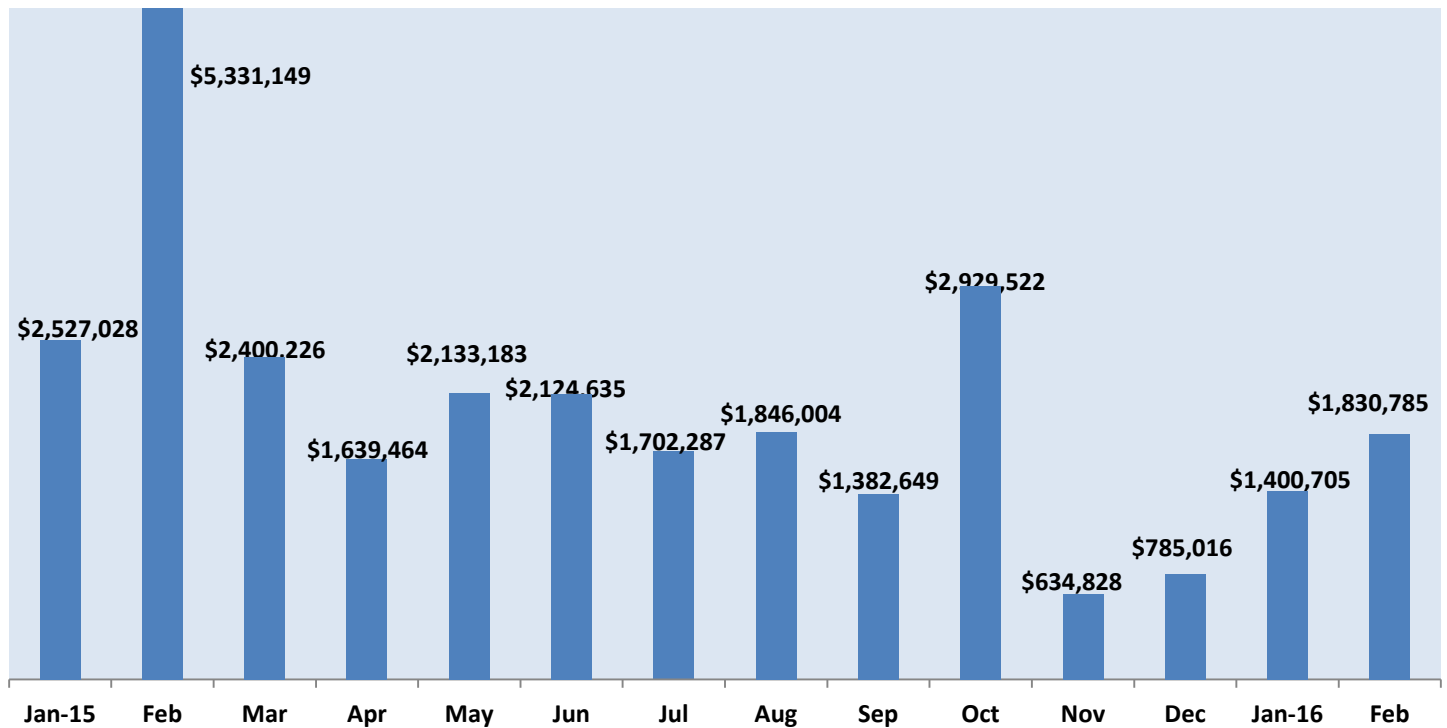
If the licensee fails to comply within the allotted timeframe, the license is suspended and a notice of suspension is sent to the contractor. Upon compliance, a reinstatement letter is sent to the licensee.



Outstanding Liabilities

	Jan 2015	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb
Initial	46	46	38	57	89	102	78	51	51	56	40	91	58	51
Suspend	42	40	42	36	32	51	80	91	64	38	45	48	33	84
Reinstate	63	100	42	43	25	40	41	52	42	44	31	33	39	52

Savings to the Public

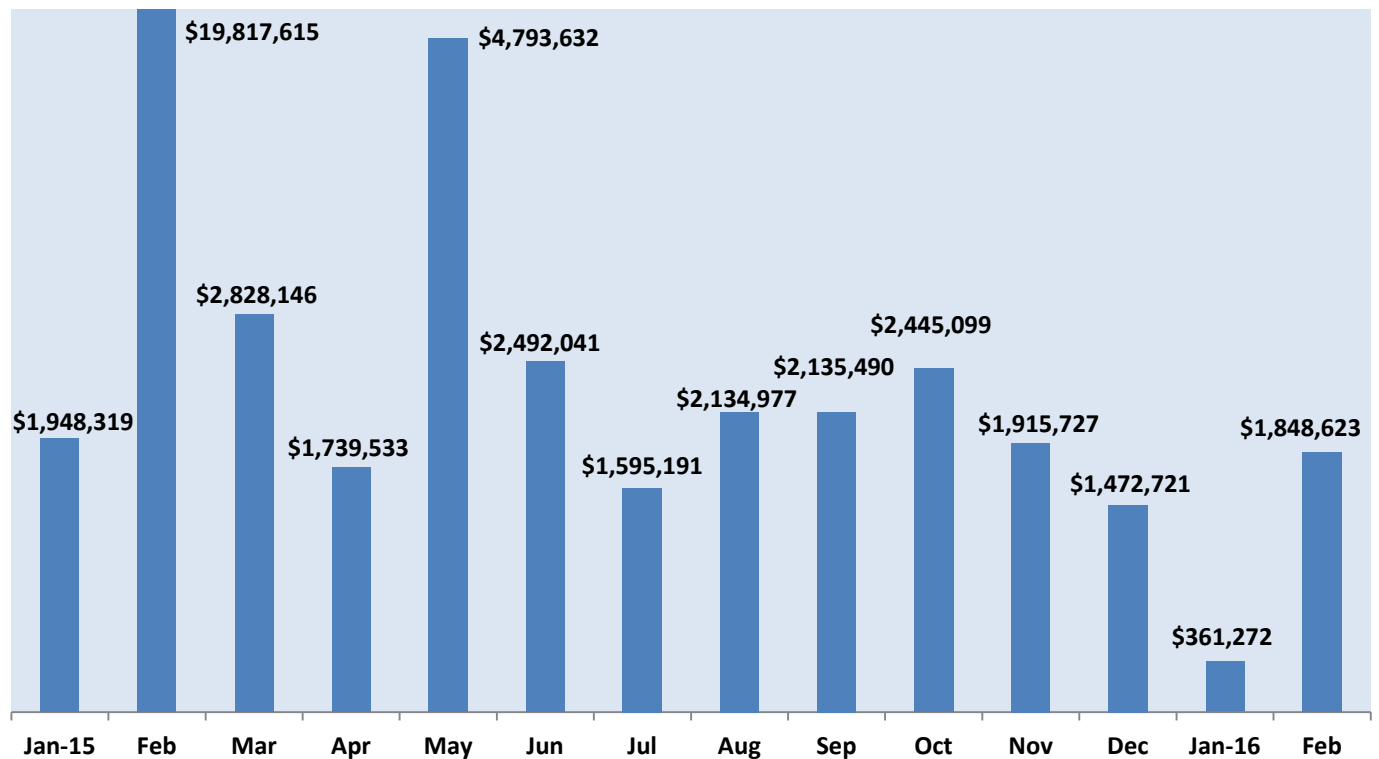




Judgments

	Jan 2015	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb
Initial	181	112	185	145	148	142	171	144	155	116	27	69	59	55
Suspend	96	53	68	54	48	84	81	67	54	73	61	77	43	3
Reinstate	109	132	134	121	93	117	111	102	111	111	84	83	77	70

Savings to the Public

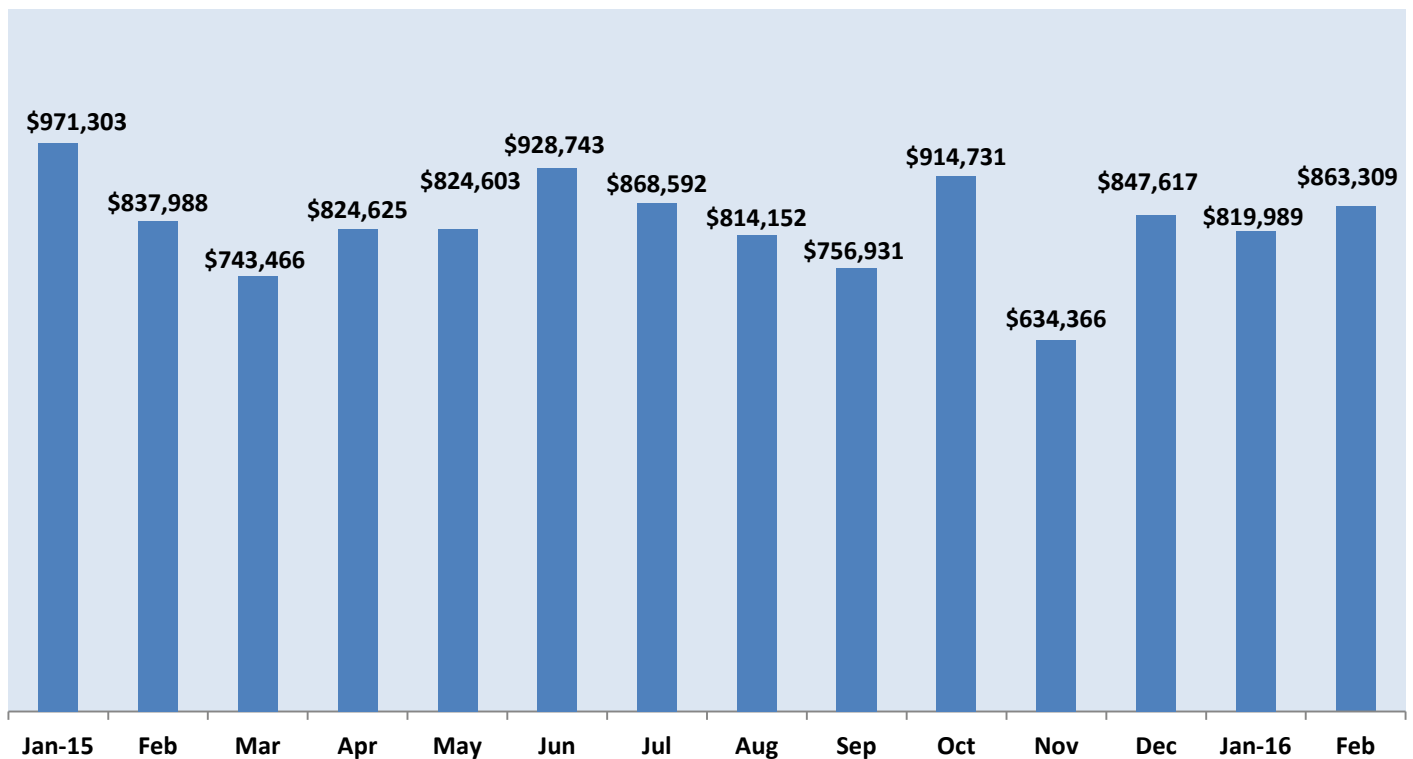




Bond Payment of Claims

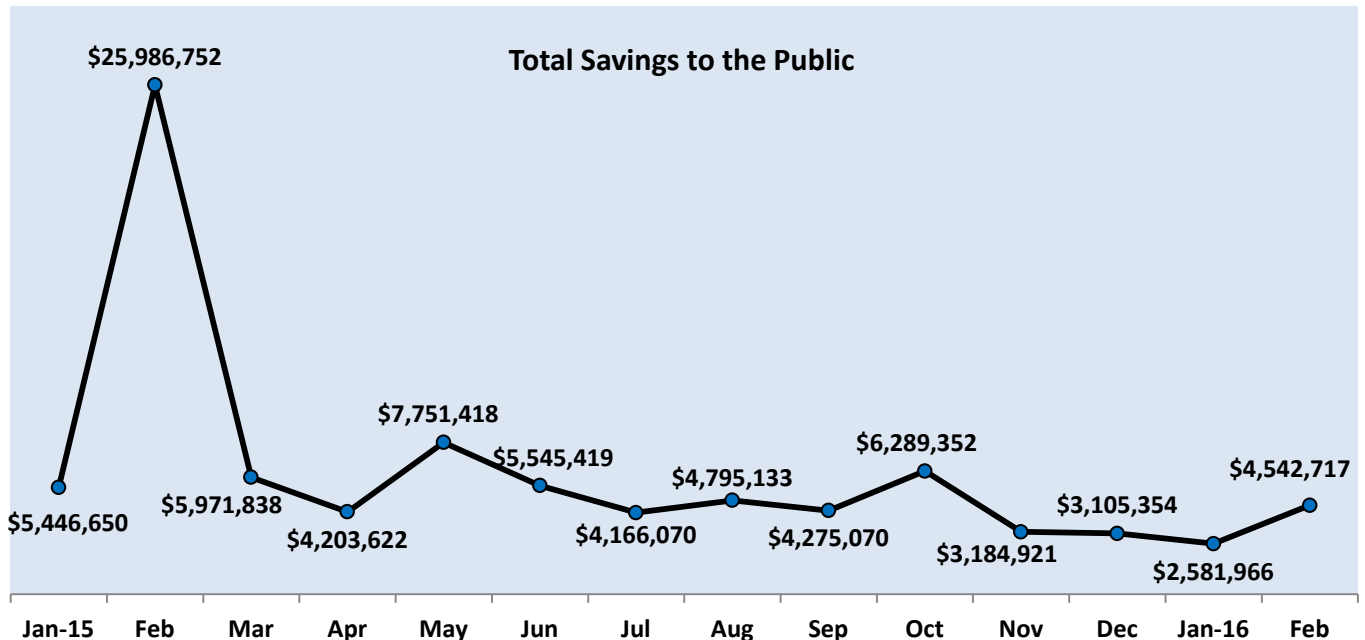
	Jan 2015	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2016	Feb
Initial	253	153	122	207	178	218	166	154	182	167	129	143	130	167
Suspend	126	39	60	114	77	43	127	71	109	72	65	100	57	59
Reinstate	159	148	130	140	142	157	152	147	130	155	107	146	124	137

Savings to the Public





The chart below illustrates the combined total savings to the public by month for outstanding liabilities, judgments, and payments of claim.



CSLB management continues to monitor processing times for the various licensing units on a weekly and monthly basis. The charts on the last four pages of this report track the “weeks to process” for the application and license maintenance/transaction units.

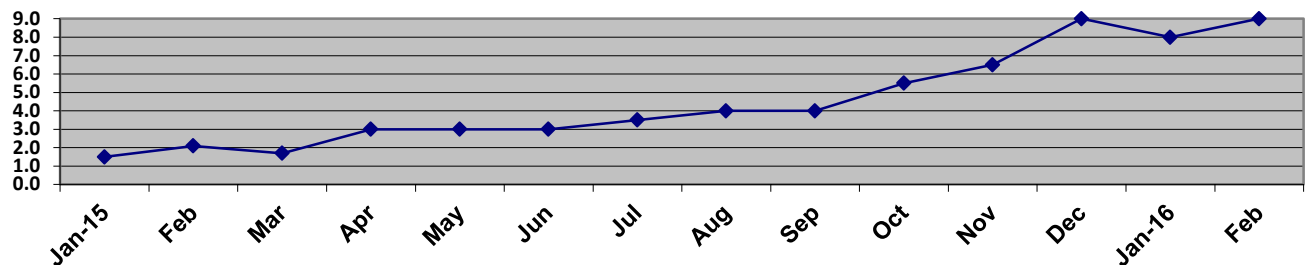
The charts indicate the average number of weeks to process for that particular month. Processing times, or “weeks to process,” refers to the average number of weeks before an application or document is initially pulled for processing by a technician after it arrives at CSLB.

The time-to-process timelines for applications and renewals include an approximate two-day backlog that accounts for the required cashiering and image-scanning tasks that must be completed before an application or document can be processed.

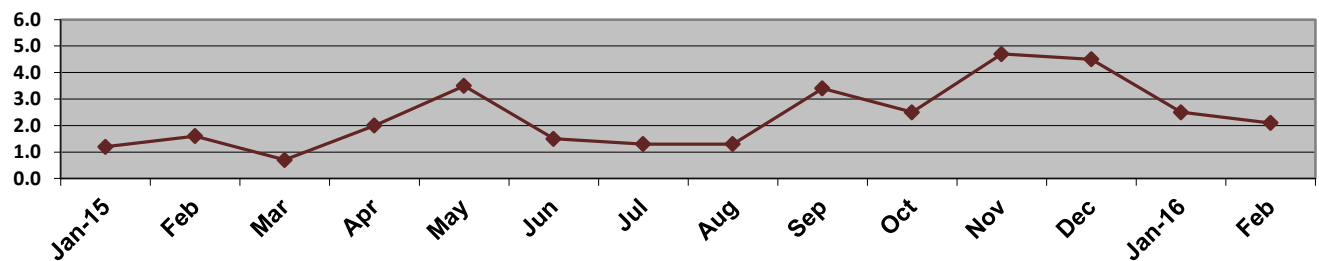


Number of Weeks before Being Pulled for Processing

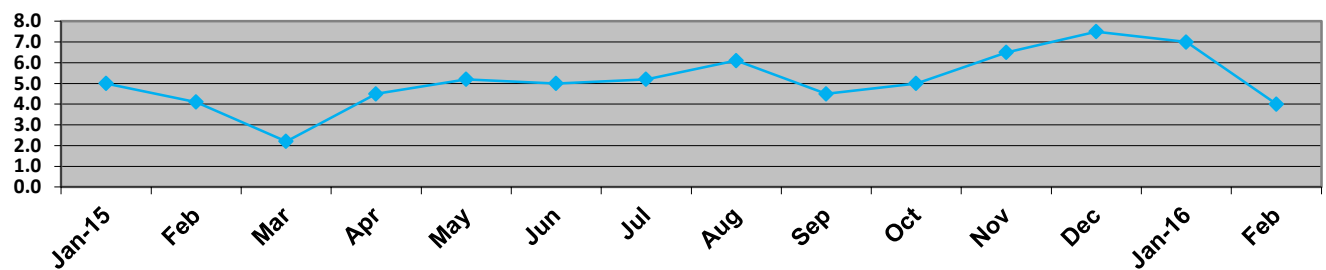
Application for Original License - Exam



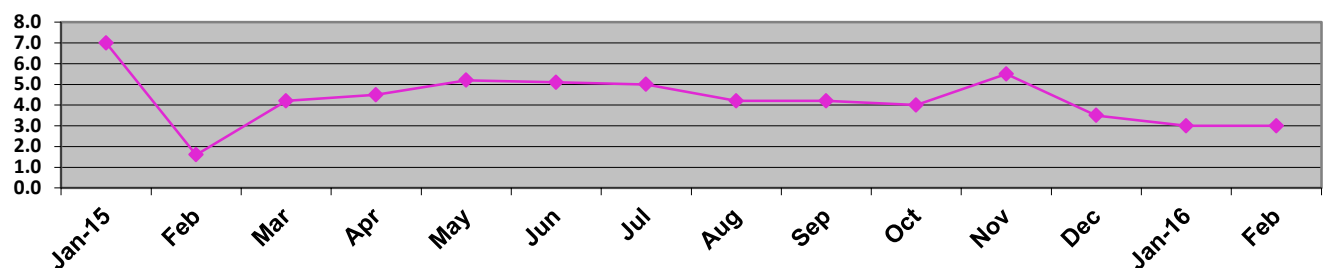
Application for Original License - Waiver



Application for Additional Classification



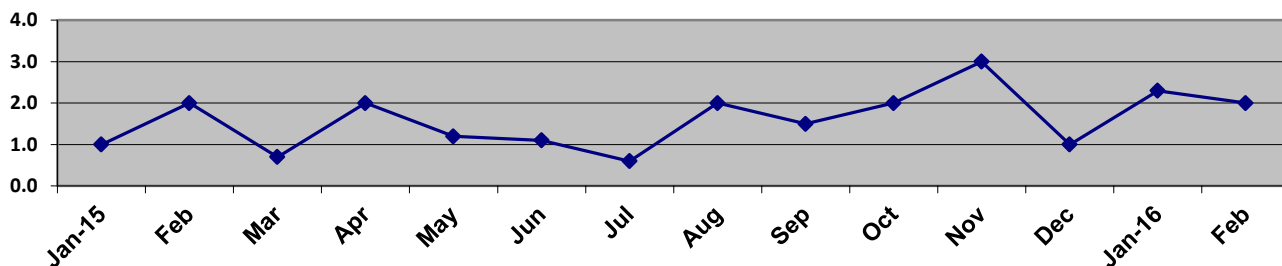
Application to Replace the Qualifier



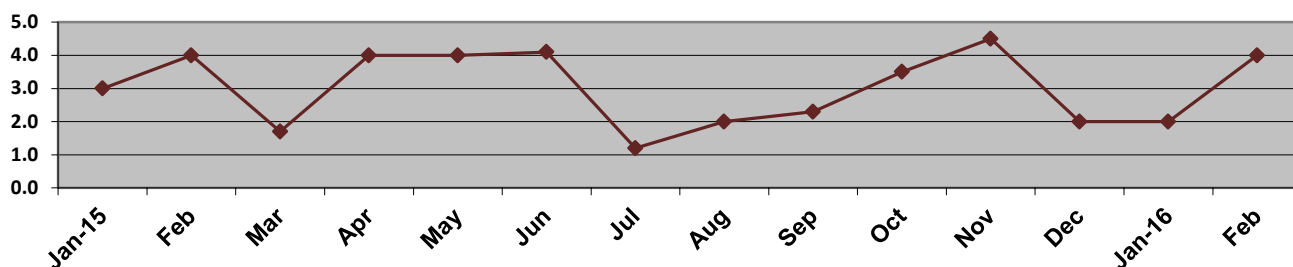


Number of Weeks before Being Pulled for Processing

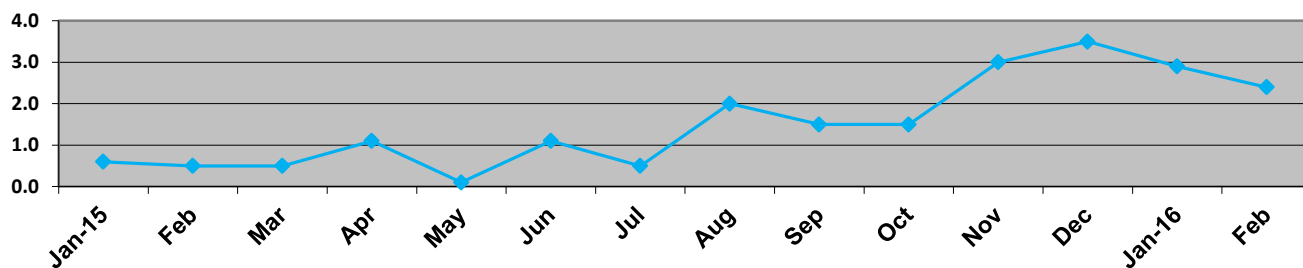
Application for Renewal



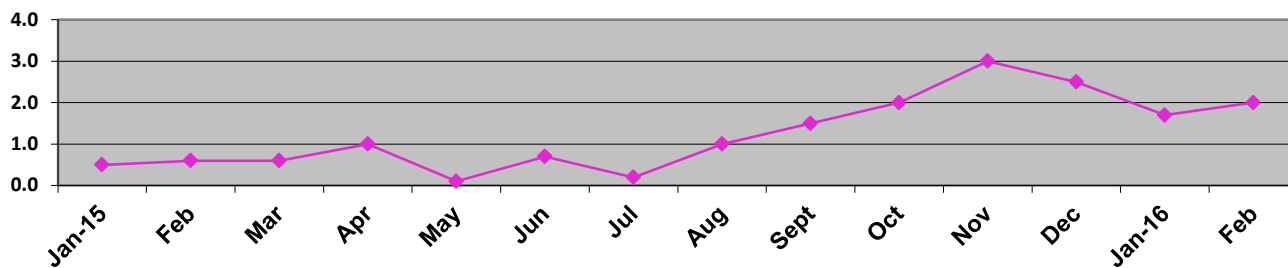
Home Improvement Salesperson (HIS) Application



Application to Add New Officer



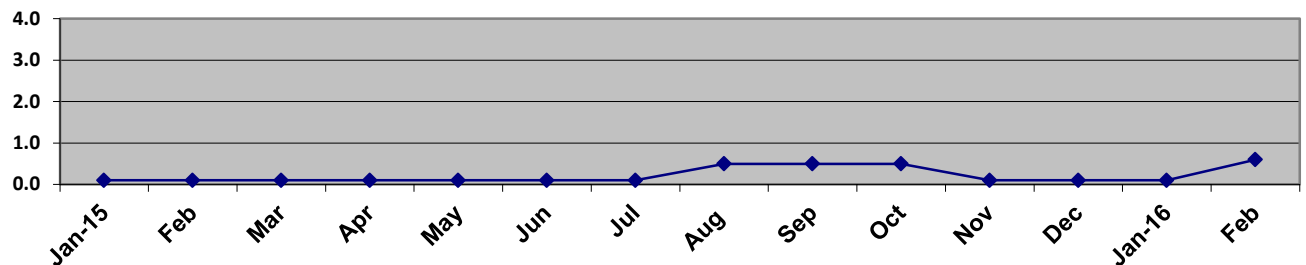
Application to Change Business Name or Address



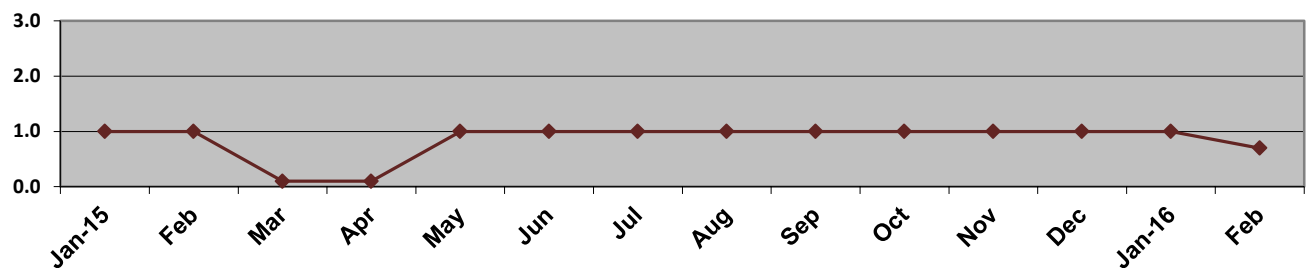


Number of Weeks before Being Pulled for Processing

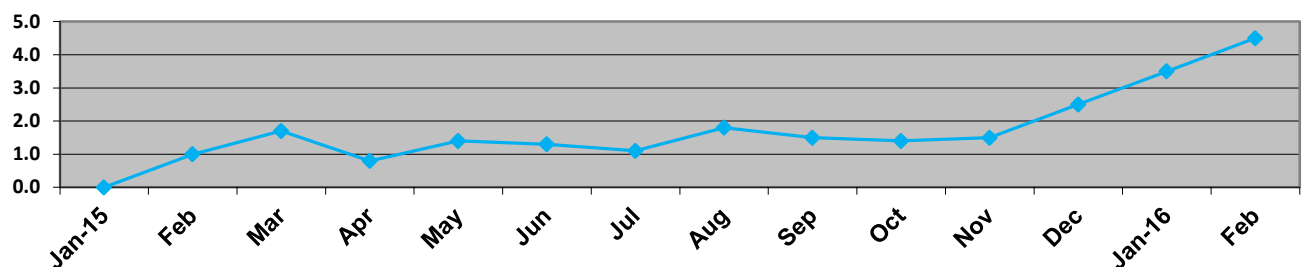
Contractors Bond, Bond of Qualifying Individual, LLC Worker Bond, Disciplinary Bond and Qualifier Exemptions



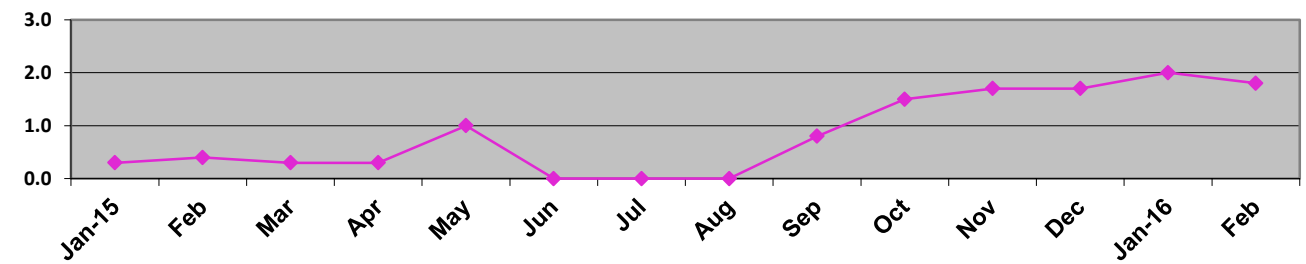
Workers' Compensation Certificates and Exemptions



Certified License History



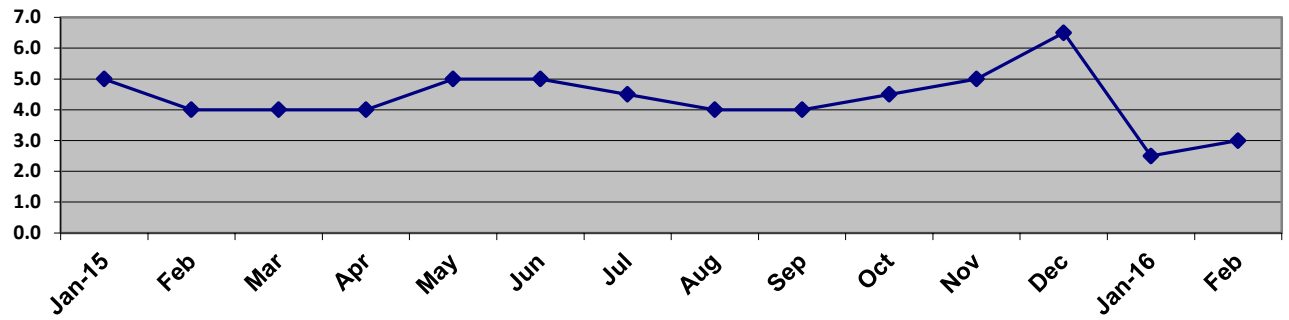
Request for Copies of Documents





Number of Weeks before Being Pulled for Processing

Criminal Background Unit – CORI Review





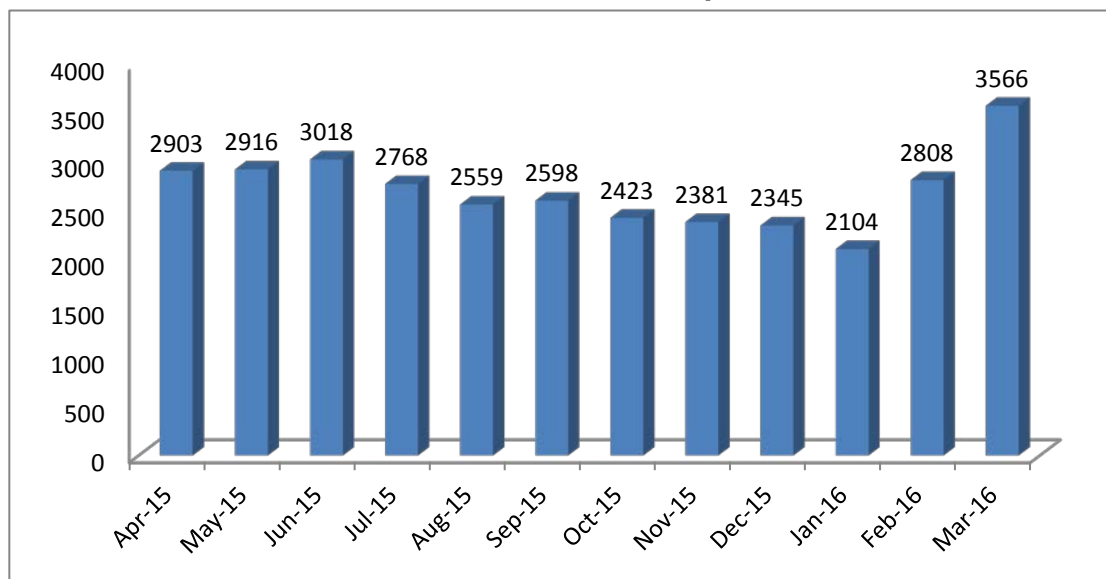
CONTRACTORS STATE LICENSE BOARD

TESTING PROGRAM UPDATE

EXAMINATION ADMINISTRATION UNIT (EAU)

The Testing division's EAU administers CSLB's 46 examinations at eight computer-based test centers. Most test centers are allocated two full-time test monitor positions, with part-time proctors filling in as needed. Test monitors also respond to all interactive voice response (IVR) messages received by CSLB that are related to testing.

Number of Examinations Scheduled April 2015 – March 2016



Test Center Status

CSLB maintains test centers in the following locations:

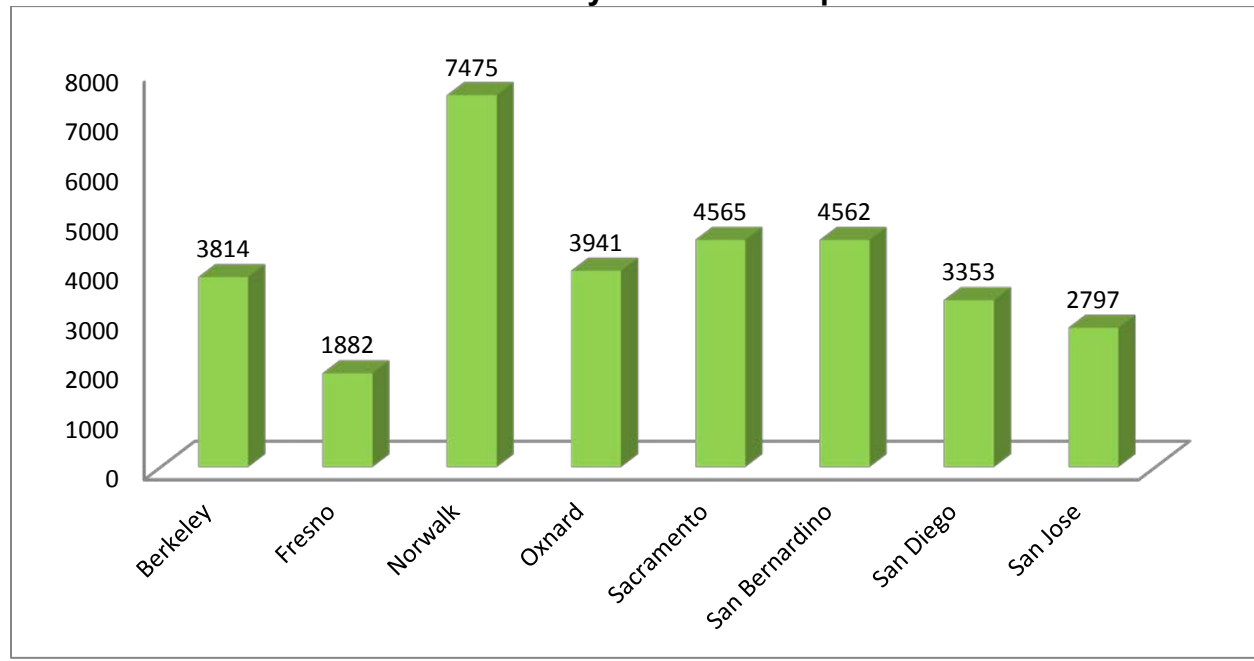
- Sacramento
- Berkeley
- San Jose
- Fresno
- Oxnard
- Norwalk
- San Bernardino
- San Diego

Examination Administration Unit Staffing

EAU is fully staffed.



Number of Examinations Scheduled by Test Center April 2015 – March 2016



EXAMINATION DEVELOPMENT UNIT (EDU)

The Testing division's EDU ensures that CSLB's 46 examinations are written, maintained, and updated in accordance with testing standards, guidelines, and CSLB regulations.

Occupational Analysis and Examination Development Workload

Valid licensure examinations involve two ongoing phases: occupational analysis and examination development. This 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 cycle starts with interviews of a sample of active California licensees statewide. EDU staff then conducts two workshops with these subject matter experts, along with online surveys about job tasks and relevant knowledge. The end product is a validation report that includes an examination outline, which serves as a blueprint for constructing examination versions/forms.

The examination development phase involves numerous workshops to review and revise existing test questions, write and review new test questions, and determine the passing score for examinations from that point forward.

EDU released one new examination in February 2016: C-8 Concrete, one new examination in March: C-15 Flooring and Floor Covering, and one new examination in April: C-43 Sheet Metal.

Occupational Analyses in Progress	New Examinations in Progress
C-7 Low Voltage Systems	C-17 Glazing
C-16 Fire Protection	C-27 Landscaping
C-53 Swimming Pool	C-31 Construction Zone Traffic Control
C-54 Ceramic and Mosaic Tile	C-32 Parking and Highway Improvement
	C-33 Painting and Decorating
	C-39 Roofing
	ASB Asbestos Certification
	Law and Business

Examination Development Unit Staffing

EDU has two vacancies: one Personnel Selection Consultant II and one Graduate Student Assistant.

Ongoing Consumer Satisfaction Survey

EDU conducts an ongoing survey of consumers whose complaint cases have been closed 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 that non-responsive consumers now receive an email one month after the initial request is sent.

TESTING DIVISION

Civil Service Examinations

In addition to licensure examinations, EDU develops, and EAU administers, examinations for civil service classifications for use by CSLB.

AGENDA ITEM D

Prioritization of 2016-18 Strategic Plan's Licensing and Testing Objectives





CONTRACTORS STATE LICENSE BOARD

LICENSING & TESTING STRATEGIC PLAN OBJECTIVES

CSLB 2016-18 Licensing & Testing Strategic Plan Objectives

(E) Essential; (I) Important; (B) Beneficial			
#1	Licensing & Testing Objectives		Description
1.1	Revise the application package and related outreach materials (E)	September 2016	Decrease confusion, increase compliance, and reduce processing time for new licensure
1.2	Create an exam-development overview and presentation for future board meetings (I)	September 2016	Demonstration of computerized testing to provide education and understanding of the process
1.3	Identify specific criteria for examination waiver applications (B)	September 2016	In conjunction with Enforcement division, develop criteria for review of waiver applications that helps identify potentially problematic applications in an effort to deter those who may attempt to qualify by fraudulent means (related to Legislative Objective)
1.4	Research and implement measures to reduce initial application processing times (E)	December 2016	Consider processes, procedures, and staffing levels and issues to identify possible efficiencies in application processing units
1.5	Conduct a comparative study of pass/fail rates of state license exams (I)	December 2016	Educate and inform Board members and the public
1.6	Develop online smart application content to reduce application rejection rates (E)	January 2017	In conjunction with IT, develop and implement online applications with edits to help ensure that applicants provide needed content and that information is accurate
1.7	Research handyperson exemption (B)	January 2018	Determine potential modification or development of new license type in order to regulate activities, bring individuals into compliance, and reduce construction work from being performed by individuals that are unfamiliar with laws, codes, and safety requirements

AGENDA ITEM E

Adjournment

