



CONTRACTORS STATE LICENSE BOARD

Strategic Plan 2013-14





MEMBERS OF THE BOARD

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JOAN HANCOCK, CONTRACTOR MEMBER

PASTOR HERRERA JR., PUBLIC MEMBER

MATTHEW KELLY, PUBLIC MEMBER

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MARK A. THURMAN, CONTRACTOR MEMBER



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ANNA M. CABALLERO
Secretary, State and Consumer Services Agency

DENISE D. BROWN
Director, Department of Consumer Affairs

STEPHEN P. SANDS
Registrar, Contractors State License Board

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OVERVIEW

California's construction industry is unique from other states in terms of its breadth, magnitude, and complexity. California has one of the top 10 world economies, and construction continues to be one of the state's largest industries. California's physical size, large and diverse population, varied landscape and climate, frequent seismic activity, distinctive legal framework, and massive economy create an unusually demanding context for contractor licensing.

The responsibility for licensing and regulating California's construction industry belongs to the Contractors State License Board (CSLB).

CSLB was established by the Legislature in 1929 as the Contractors License Bureau, under the Department of Professional and Vocational Standards, to protect the public from irresponsible contractors. In 1935, the mission and duties were placed under the auspices of a seven-member Board. The Board increased to 15 members in 1960. Since 1970, CSLB has been part of the Department of Consumer Affairs.

CSLB's legal and regulatory role has changed since its creation. Initially, applicants were not issued licenses in specific classifications. Instead, applicants simply indicated the type of construction work that would be performed under the license, and the license was issued without examination or experience requirements.

In 1938, the Legislature made it mandatory for contractor license applicants to be examined for competence in their designated field. By 1947, CSLB had been given authority to establish experience standards and to adopt rules and regulations to affect the classification of contractors "in a manner consistent with established usage and procedure as found in the construction business, and... limit[ing] the field and scope of operations of a licensed contractor to those in which he or she is classified and qualified to engage..."



BOARD STRUCTURE AND FUNCTIONS

The 15-member Board is comprised of five contractor members and 10 public members. The public members include one labor representative, one local building



official, and one representative of a statewide senior citizen organization. The governor and state legislature make these appointments.

The Board appoints the Registrar of Contractors, who directs administrative policy for CSLB operations. CSLB currently has five standing committees that perform various functions for the Board.

- **Licensing Committee** – Ensures that all applicants and licensees are qualified to provide construction services
- **Enforcement Committee** – Helps reduce, eliminate, or prevent unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare
- **Public Affairs Committee** – Educates consumers about making informed choices related to construction services, and provides information to licensed contractors so they can improve their technical, management and service skills
- **Legislative Committee** – Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations
- **Executive Committee** – Enhances organizational effectiveness and improves the quality of service in all programs

LICENSING CONTRACTORS

CSLB regulates contractors in 43 license classifications and two certifications under which members of the construction industry practice their trades and crafts. As of June 2013, there are about 300,000 licensed contractors (both active and inactive status) in California.

Contractor licenses are categorized into three basic branches of contracting business, as defined by statute and by CSLB rules and regulations:

- **Class “A” General Engineering –**
Infrastructure and similar projects requiring specialized engineering knowledge and skill
- **Class “B” General Building –**
Buildings – housing, commercial, office, etc.
- **Class “C” Specialty –**
Specific trades, such as painters, plumbers, electricians, etc.

CSLB may issue a license to an individual, partnership, corporation, limited liability company, or joint venture. All licenses must have a qualifying individual (also referred to as a “qualifier”). A qualifying individual is the person listed in CSLB records who satisfies the experience and examination requirements for a license.

Depending on the type of license, the qualifying individual must be designated as an owner, responsible managing employee, responsible managing officer, or qualifying partner in the license records. A qualifying individual is required for every classification and on each license issued by CSLB; the same person may serve as the qualifier for more than one classification.

CSLB also registers home improvement salespersons (HIS) who are engaged in the sale of home improvement goods and services. As of June 2013, there are just over 9,000 HIS with an active registration status.

ENFORCING CONTRACTORS STATE LICENSE LAW

CSLB’s responsibility to enforce California’s Contractors State License Law includes investigating complaints against licensed and unlicensed contractors; issuing citations and suspending or revoking licenses; seeking administrative, criminal, and civil sanctions against violators; and informing consumers, contractors, and the industry about CSLB actions. In fiscal year (FY) 2011-12, CSLB helped recover nearly \$36 million in ordered restitution for consumers.



CSLB receives complaints from members of the public, licensees and professional groups, governmental agencies, and others concerning all phases of the construction industry. However, the majority of complaints come from owners of residential property involved in remodeling or repair work. CSLB receives approximately 20,000 complaints per year.

COMPLAINT PROCESS

CSLB's enforcement process consists of a number of steps through which complaints and/or cases may pass:

- Complaint receipt, screening, and mediation to attempt resolution without disciplinary action;
- Complaint investigation;
- Arbitration of cases meeting certain criteria – again, to achieve resolution without disciplinary action in appropriate cases;
- Minor cases: imposition of a warning letter or citation and fine by Enforcement staff;
- Serious cases: referral of the completed investigation to the Attorney General's (AG) office for filing of an accusation to suspend or revoke the license, and cases involving criminal violations, where referral of the completed investigations go to the local district attorney (DA) for the filing of criminal charges;
- An evidentiary hearing before an administrative law judge (ALJ) from the Office of Administrative Hearings;
- Submission of the ALJ's proposed decision to the Registrar of Contractors for final agency decision; and
- Potential judicial review of the Registrar's decision.

THE UNDERGROUND ECONOMY

California's underground economy has a drastic impact upon law-abiding businesses, consumers and workers. The problem is particularly prevalent in

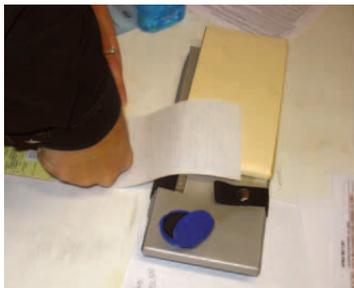
the construction industry, where cheating businesses are able to underbid law-abiding businesses by:

- Failing to obtain required licenses and building permits;
- Failing to pay payroll or other taxes;
- Failing to obtain required workers' compensation insurance;
- Failing to report worker injuries to keep insurance premiums artificially low; and
- Lying on workers' compensation insurance applications to obtain a lower rate.

CSLB estimates that on any given day, tens of thousands of licensed contractors and unlicensed operators are breaking the law and contributing to the state's underground economy.

Since no one state agency has the resources or the information to tackle this enforcement problem alone, state agencies with overlapping jurisdictions in the areas of labor law enforcement have joined forces to make a concerted, consistent, and effective dent in California's underground economy. CSLB is a partner in the Labor Enforcement Task Force (LETF).

LETF, which was launched January 1, 2012, is comprised of investigators from CSLB, the Department of Industrial Relations, Employment Development Department, and Board of Equalization, in collaboration with the Insurance Commissioner and Attorney General's Office. Partners have broadened information-sharing and the use of new enforcement technology to improve the way they target businesses in the underground economy.





UNLICENSED ACTIVITY

CSLB's Statewide Investigative Fraud Team (SWIFT) proactively combats illegal contractors that operate in the underground economy. SWIFT routinely partners with other state and local regulatory and law enforcement agencies to conduct undercover sting and sweep operations, targeting egregious offenders who pose a threat to consumers, employees, businesses, and legitimate licensed contractors.

SIGNIFICANT ACCOMPLISHMENTS OF 2012-2013

Board members develop CSLB's annual strategic plan after reviewing the previous fiscal year's accomplishments. During FY 2012-13, CSLB:

- Began issuing licenses to limited liability companies (LLCs),
- Implemented a workers' compensation (WC) insurance recertification process for contractors exempt from WC coverage,
- Updated 10 examinations and completed 10 occupational analyses, keeping CSLB current with its goal of updating examinations every five years,
- Identified strategies to collect licensee email addresses to improve contact for examination development surveys,
- Expanded use of CSLB testing centers for training and civil service exams,
- Conducted more than 50 Senior Scam StopperSM seminars around the state, educating the vulnerable senior population about various scams that target them,
- Produced a license application instructional video that explains how to correctly fill out a CSLB license application,
- Developed an educational letter for consumers who repeatedly hire unlicensed operators, and
- Worked with the Employment Development Department to develop an outreach packet to educate legislators, contractors, and consumers about the dangers of the underground economy.

PROGRAM PRIORITIES

The Board established the following priorities to direct program activities:

- Focus on early enforcement intervention and high priority (health and safety) complaints.
- Help keep licensees in business and maintain the collection of revenue by keeping renewals and license maintenance current.
- License applicants by reviewing qualifications and criminal background, and administering legal and effective examinations.
- Educate consumers about their rights and responsibilities, and empower consumers with methods to protect themselves.
- Stress early intervention and resolution of reactive complaints, and refer minor complaints to small claims court.
- Provide services through the Licensing Information Center (call center) and the public counter.
- Ensure that Administrative Services and Information Technology divisions provide the support necessary to maintain unit operations.





CSLB ENFORCEMENT PRIORITIZATION

	<i>Elder Abuse</i>	<i>Predatory Criminal Acts</i>	<i>Disaster Response</i>	<i>Workmanship Complaints</i>	<i>Health and Safety Code Violations</i>	<i>Misuse of a License Number</i>	<i>Unlicensed Practice</i>	<i>Failure to Obtain a Permit</i>	<i>Workers' Compensation Insurance</i>	<i>Working out of Classification</i>	<i>Electrician Certification</i>	<i>Advertising Violations</i>
Elected Officials												
District Attorneys												
Consumers												
Contractors												
State and Local Government												
Industry Associations												
Media Referrals												
Employees												
Building Officials												
Local Volunteer Groups												
Proactive Enforcement												
Anonymous Tips												

Higher Priority (top-left to bottom-right diagonal)

Lower Priority (bottom-left to top-right diagonal)

CSLB IN THE YEAR 2020

CSLB has adopted and aims to establish the following vision by 2020:

1. Licensing/Call Center and Testing

- Electronic/paperless application, renewal and license management processes
- Fully automated bond and workers' compensation insurance submission processes
- All communication with applicants and licensees via email
- Virtual call center with chat ability
- Email Unit
- State-of-the-art security technology in testing centers

2. Enforcement

- Appropriate management structure, including a Deputy Enforcement Chief
- System for purchasing new vehicles that utilizes the latest technology, including GPS and Bluetooth
- Improved, direct communication between CSLB headquarters and field offices including video conferencing, Skype, online training, etc.
- Improved CSLB presence throughout the state with more small field offices (e.g., San Luis Obispo, Barstow)
- Staff access to new communication equipment
- Staffed in-house training program
- Staffed Subsequent Arrest Unit
- Pay differentials and adjustments for staff in high-cost areas of CA
- Utilization of state-of-the-art audio/video equipment



3. Public Affairs

- State-of-the-art audio/video studio to communicate directly with media/stakeholders
- State-of-the-art social network communications
- Ability to quickly look up license information with smartphones through QR codes or other technology
- Ability to attend/participate in conferences (both inside and outside of California)

4. Administration and IT

- Improved hiring and retention practices to minimize vacancies
- Full-service Human Resources Unit
- VDI (Virtual Desktop)
- Hiring and retention plan for IT staff
- Enhanced Tele-Work/Telecommuting in a Virtual Environment
- Supervisors provided with real-time snapshot of work in progress
- Automation of all internal services using state-of-the-art technology



MISSION

CSLB protects consumers by regulating the construction industry through licensure, enforcement, and education.

VISION

CSLB is a model consumer protection agency, integrating regulatory oversight of the construction industry as necessary for the protection of consumers and licensed contractors.

VALUES

CSLB provides the highest quality throughout its programs by:

- Being responsive and treating all consumers and contractors fairly;
- Focusing on prevention and providing educational information to consumers and contractors;
- Embracing technology and innovative methods to provide services; and
- Supporting a team concept and the professional development of staff.



GOALS AND OBJECTIVES

CSLB has identified the following objectives to help meet its goals. These objectives are assigned with a priority status of: (E) Essential, (I) Important or (B) Beneficial.

GOAL 1: LICENSING AND TESTING

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

1.1	Develop language for establishment of an asbestos abatement specialty classification. (E)
1.2	Increase hi-tech security monitoring in testing centers. (I)
1.3	Develop an online smart application package to reduce application decline rates. (I)
1.4	Evaluate the productivity of CSLB's Licensing Information Center and determine if changes are needed. (B)
1.5	Fully automate bonds and workers' compensation insurance submission processes. (I)
1.6	Expand license application video to other languages. (I)
1.7	Inform applicants about the top reasons applications are rejected. (B)
1.8	Establish a task force to analyze the application process and reduce rejection rates. (I)
1.9	Implement an online licensure tool for credit card payment. (B)

GOAL 2: ENFORCEMENT

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

2.1	Update the Industry Expert training program. (I)
2.2	Provide for the disclosure of a partnering agencies administrative action section on CSLB’s website. (I)
2.3	Partner with the California Energy Commission to create an energy efficiency campaign. (I)
2.4	Address enforcement vacancies in hard-to-fill geographic areas. (E)
2.5	Develop criteria and controls to monitor and prioritize proactive enforcement. (I)
2.6	Automate an official educational letter to consumers who repeatedly hire unlicensed operators. (B)
2.7	Prioritize enforcement complaints based on the potential to harm the public. (B)
2.8	Conduct a feasibility study of a pilot program similar to law enforcement’s citizens patrol. (B)



GOAL 3: PUBLIC AFFAIRS

Educate consumers about how to make informed choices related to construction services, and provide information to licensed contractors so they can improve their technical management and service skills.

3.1	Migrate CSLB's website to the new state of California website standards. (E)
3.2	Establish a multimedia unit with a focus on video production. (I)
3.3	Create an archive of consumer stories for use in various outreach efforts and educate staff on benefits of sharing information. (B)
3.4	Complete the flagship contractor and consumer publications.
3.5	Develop a contractor presentation kit.
3.6	Develop a CSLB style guide and brand standards manual.

GOAL 4: LEGISLATION

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

4.1	Review and recommend changes to simplify Contractors State License Law and update by 2014. (E)
4.2	Prepare and submit Sunset Review Report. (E)

GOAL 5: IT AND ADMINISTRATION

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

5.1	Prepare CSLB for implementation of BreEZe. (Information Technology) (E)
5.2	Create a Subsequent Arrest Unit through the BCP process. (E)



CONTRACTORS STATE LICENSE BOARD

P.O. Box 26000
9821 Business Park Drive
Sacramento, CA 95826-0026
800.321.CSLB (2752)

www.cslb.ca.gov
CheckTheLicenseFirst.com
SeniorScamStopper.com

