



CONTRACTORS STATE LICENSE BOARD

Strategic Plan 2019-21





## MEMBERS OF THE BOARD

KEVIN J. ALBANESE, (B) GENERAL CONTRACTOR MEMBER

AGUSTIN "AUGIE" BELTRAN, PUBLIC MEMBER

LINDA CLIFFORD, (A) ENGINEERING CONTRACTOR MEMBER

DAVID DE LA TORRE, PUBLIC MEMBER

DAVID DIAS, LABOR ORGANIZATION MEMBER

SUSAN GRANZELLA, PUBLIC MEMBER

JOAN HANCOCK, (B) GENERAL CONTRACTOR MEMBER

MICHAEL A. LAYTON, PUBLIC MEMBER

MARLO RICHARDSON, PUBLIC MEMBER

FRANK SCHETTER, (C) SPECIALTY CONTRACTOR MEMBER

JOHNNY SIMPSON, PUBLIC MEMBER

NANCY SPRINGER, BUILDING OFFICIAL MEMBER

VACANT, PUBLIC MEMBER, SENIOR CITIZEN ORGANIZATION

VACANT, PUBLIC MEMBER

VACANT, (C) SPECIALTY CONTRACTOR MEMBER

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Governor

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Secretary, Business, Consumer Services and Housing Agency

DEAN R. GRAFILO  
Director, Department of Consumer Affairs

DAVID R. FOGT  
Registrar, Contractors State License Board

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## OVERVIEW: ABOUT THE BOARD

The California legislature established the Contractors State License Board (CSLB) in 1929 as the Contractors' License Bureau under the Department of Professional and Vocational Standards. Today, CSLB is part of the Department of Consumer Affairs.

The responsibility for licensing and regulating California's construction industry belongs to CSLB. Today, there are over 282,000 licensed contractors in the state.

The Registrar of Contractors oversees a staff of more than 400 employees who work at CSLB's headquarters in Sacramento and at field offices throughout the state.

CSLB's headquarters receives and processes applications for new licenses, additional classifications, changes of license records, insurance and bond coverage, and license renewals. Headquarters staff reviews and maintains records of disciplinary actions initiated by the field offices and provides other support services.

Enforcement staff perform approximately 20,000 complaint investigations every year, as well as initiate all disciplinary actions resulting from investigations. In fiscal year 2016-17, CSLB helped recover more than \$47 million in ordered restitution for consumers.

The Statewide Investigative Fraud Team (SWIFT) focuses on the underground economy and on unlicensed contractors. This unit conducts proactive stings and sweeps to help curtail illegal contracting and cites those who are not licensed.

CSLB's website provides a wealth of information to various stakeholders. Features include an "Instant License Check," which provides information about a particular contractor's license status, and "Find My Licensed



Contractor,” which generates a list of licensed contractors in a designated geographic area and specific trade.

CSLB holds regularly scheduled public meetings throughout the state, which provide the public an opportunity to testify on agenda items and other issues.

## **CSLB’S MISSION, VISION AND VALUES**

### **MISSION**

CSLB protects consumers by regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction.

The Board accomplishes this by:

- Ensuring that construction is performed in a safe, competent, and professional manner;
- Licensing contractors and enforcing licensing laws;
- Requiring licensure for any person practicing or offering to practice construction contracting;
- Enforcing the laws, regulations, and standards governing construction contracting in a fair and uniform manner;
- Providing resolution to disputes that arise from construction activities; and
- Educating consumers so they can make informed choices.

### **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.



## **BOARD STRUCTURE AND FUNCTIONS**

CSLB's 15-member Board directs administrative policy for the agency's operations. The Board includes 10 public members (including one labor representative, one local building official, and one representative of a statewide senior citizen organization), and five contractors. Appointments are made by the governor and the state legislature.

### **GUBERNATORIAL APPOINTMENTS**

- Three Public Members
- One Public Member – Senior Citizen Organization
- One Public Member – Building Official
- One Public Member – Labor Representative
- One (A) Engineering Contractor Member
- Two (B) General Contractor Members
- Two (C) Specialty Contractor Members

### **SENATE APPOINTMENTS**

- Two Public Members

### **ASSEMBLY APPOINTMENTS**

- Two Public Members

The Board appoints, with the approval of the Director of the Department of Consumer Affairs, the Registrar of Contractors, who directs administrative policy for CSLB's statewide operations.

CSLB currently has five standing Board Committees that perform various functions.

- **Licensing Committee**  
Ensures that all applicants and licensees meet minimum qualifications 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 awareness of contracting laws and 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 44 license classifications and two certifications under which members of the construction industry practice their trades and crafts. As of June 1, 2018, there were 282,972 contractor licenses in California; 227,128 active and 55,844 inactive.

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 a sole owner, partnership, corporation, limited liability company, or joint venture. All licenses must have a "qualifier," who is the person listed in CSLB records who satisfies the experience and exam requirements for a license.

Depending on the type of license, the qualifier must be designated as an owner, responsible managing employee, responsible managing officer, responsible managing manager, responsible managing member, or qualifying partner in the license records. A qualifier is required for every classification and on each license CSLB issues; 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 1, 2018, there were 17,396 active HIS registrants.

## 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 2016-17, CSLB helped recover more than \$47 million in restitution for consumers.

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

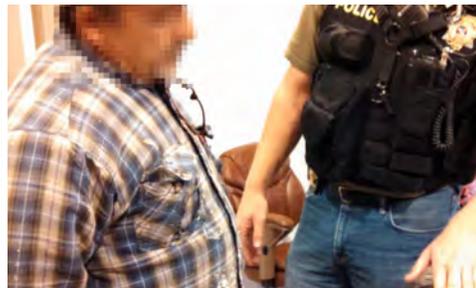
## CSLB'S COMPLAINT PROCESS

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

- **Complaint Initiation**  
Complaint receipt, screening, and mediation to establish jurisdiction and attempt resolution when field investigation is not warranted;
- **Complaint Investigation**  
Field investigations performed by CSLB Enforcement Representatives;
- **Arbitration**  
Resolution of disputes for complaint cases meeting defined criteria;
- **Minor Cases**  
Issuance of an advisory notice or letter of admonishment for technical violations of law;



- **Citation**  
Official notice containing allegations of violations and usually ordering a fine and order of correction or abatement; citations may be issued for unlicensed activity cases or for other violations of contractors' state license law;
- **Accusation**  
A legal document formally charging a licensed contractor with serious violations that warrant suspension or revocation of a license and providing notice that a disciplinary action may be imposed;
- **Criminal Referral**  
Cases involving alleged criminal violations are referred to local prosecutors for the possible filing of criminal charges;
- **Appeal Hearing**  
After a citation or accusation is issued, evidentiary hearings are held before an administrative law judge (ALJ) from the Office of Administrative Hearings to hear a licensee's appeal;
- **Proposed Decision**  
Submission of the ALJ's proposed decision to the Registrar of Contractors for final agency decision;
- **Reconsideration**  
Requests to the Registrar or the Board to reconsider the decision; and
- **Judicial Review**  
Licensee may file a petition for Writ of Mandate in superior court, seeking to overturn the Registrar's or the Board's decision.



## THE UNDERGROUND ECONOMY

California’s underground economy harms law-abiding businesses, consumers, and workers. The problem is particularly prevalent in the construction industry, where businesses that cheat underbid those that follow the rules 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
- Failing to report accurate payroll to obtain a lower workers’ compensation insurance premium.

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 jurisdiction in the areas of labor law enforcement have joined forces to make a concerted and consistent dent in California’s underground economy. CSLB is a member of multiple task forces.



## **JOINT ENFORCEMENT TASK FORCE (JESF)**

JESF, which was created by an executive order signed by Governor Pete Wilson in October 1993, is responsible for enhancing the development and sharing of information necessary to combat the underground economy, to improve the coordination of enforcement activities, and to develop methods to pool, focus, and target enforcement resources. JESF is empowered and authorized to form joint enforcement teams when appropriate in order to utilize the collective investigative and enforcement capabilities of JESF members.

## **LABOR ENFORCEMENT TASK FORCE (LETF)**

LETF, which was launched in January 2012, is comprised of investigators from CSLB, the Department of Industrial Relations, and the Employment Development Department. LETF performs weekly inspections at active construction sites to investigate license, wage, tax, and workplace safety compliance.

## **UNLICENSED ACTIVITY**

CSLB's Statewide Investigative Fraud Team (SWIFT) proactively combats illegal contractors that operate in the underground economy by failing to obtain a required contractor license and/or workers' compensation insurance. 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 licensed contractors.

## SIGNIFICANT ACCOMPLISHMENTS 2016-18

Over the last two years, the Board achieved many of the goals laid out in the 2016-18 Strategic Plan. Highlights include:

- The Legislative and Enforcement divisions worked with Senator Monning (SB 486, Statutes of 2017) to pass a bill that authorizes CSLB to issue a letter of admonishment in lieu of an administrative citation to more effectively and efficiently address less egregious offenses.
- The Enforcement division implemented the provisions of SB 560 (Monning, Statutes of 2015), which allows CSLB to issue a Notice to Appear in superior court to unlicensed contractors for failure to carry workers' compensation insurance.
- The Board approved pursuing licensing reciprocity agreements with five additional states: Alabama, Georgia, Louisiana, North Carolina, and Oregon to further reduce barriers to licensure.
- The Public Affairs Office and the Information Technology division launched the "Find My Licensed Contractor" website feature that allows consumers to search for licensed contractors based on trade in a specific geographic area.
- The Licensing and Information Technology divisions established a process for the online submission of licensee workers' compensation recertification that automatically updates the license record to reduce processing backlogs.
- The Public Affairs Office, in conjunction with the Information Technology division, created a portal on the CSLB website to provide consumers with reliable solar-related information.
- The Administration division developed and implemented a mentoring and upward mobility program for all CSLB staff.



## STRATEGIC PLANNING PROCESS

To understand the environment in which the Board operates, as well as identify factors that could affect the Board's success in carrying out its regulatory duties, the Department of Consumer Affairs' SOLID Unit facilitated the development of the Board's strategic objectives. SOLID conducted a review of the Board's internal and external environments by collecting information through the following methods:

- An online survey sent to Board members, CSLB staff and managers, and stakeholders in January and February of 2018. The online survey received 917 responses.
- One-on-one interviews with Board members, the Registrar, and Chief Deputy Registrar in January and February of 2018.
- A focus group conducted with CSLB's division chiefs in February of 2018.

The most significant themes and trends identified from this process were discussed by the Board members, Registrar, Chief Deputy Registrar, division chiefs, and other senior staff during a strategic planning session facilitated by SOLID on April 12, 2018. This information guided the Board in the development of the objectives outlined in this 2019 – 2021 strategic plan.

## **STRATEGIC GOAL AREAS**

### **1. LICENSING & TESTING**

Ensures that all applicants and licensees meet minimum qualifications to provide construction services

### **2. ENFORCEMENT**

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

### **3. LEGISLATION**

Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations

### **4. PUBLIC AFFAIRS**

Educates consumers about making informed choices related to construction services and provides information to licensed contractors so they can improve their awareness of contracting law, and technical, management, and service skills

### **5. EXECUTIVE**

Enhances organizational effectiveness and improves the quality of service in all programs



## LICENSING & TESTING

Ensures that all applicants and licensees meet minimum qualifications to provide construction services

Licensing & Testing Objectives	Target Date
1.1 Create an interactive online asbestos training to replace the open book asbestos exam.	January 2019
1.2 Review the licensing classification determinations for consistency and develop classification industry bulletins.	January 2019 and ongoing
1.3 Meet with stakeholders and develop a proposal for a new remodeling/home improvement license classification.	March 2019 (to meet with stakeholders)
1.4 Review barriers to licensure regarding criminal background information and make changes where possible to encourage licensure.	July 2019 (to review process and identify possible changes)
1.5 In conjunction with the Legislation division, review multiple qualifier responsibilities and bonding requirements to determine if regulatory or legislative changes will improve consumer protection. <i>(See Legislation objective 3.4)</i>	August 2019
1.6 Research the feasibility of outsourcing test administration to reduce costs, reallocate resources, and expand testing options for licensees.	September 2019

Licensing & Testing Objectives	Target Date
<p>1.7 In partnership with Public Affairs and Information Technology, develop online original contractor license applications to reduce application return rates.</p> <p><i>(See Public Affairs objective 4.7 and Information Technology objective 5.15)</i></p>	<p>December 2019</p>
<p>1.8 Review feasibility of continuing education or online testing for license renewal to keep licensees informed of changes to laws and codes</p>	<p>July 2020 (to complete research only)</p>
<p>1.9 In partnership with the Public Affairs Office and Enforcement division, create online courses and content to educate licensees.</p> <p><i>(See Public Affairs objective 4.10 and Enforcement objective 2.6)</i></p>	<p>December 2021</p>
<p>1.10 Expand public records and licensing information on the website to increase transparency.</p> <p><i>(See Information Technology objective 5.19)</i></p>	<p>Ongoing</p>
<p>1.11 Evaluate call center processes and procedures for consistency in communication with licensees, consumers, and other stakeholders to improve customer service</p>	<p>Ongoing</p>
<p>1.12 Review the subject matter expert pool to insure representation from a cross-section of industry to enhance test development.</p>	<p>Ongoing</p>



## ENFORCEMENT

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

Enforcement Objectives	Target Date
2.1 Formalize a disaster response program for greater efficiencies and to improve response time. <i>(See Public Affairs objective 4.2)</i>	March 2019 <b>June 2019</b>
2.2 Educate the public about the complaint and investigative processes, as well as available resources for financial redress.	June 2019
2.3 In partnership with Public Affairs, develop and implement a plan to identify opportunities to increase publicity concerning enforcement actions, including relaunch of CSLB's Most Wanted feature. <i>(See Public Affairs objective 4.4)</i>	Develop: June 2019 Implement: January 2020
2.4 Leverage social media to identify potential workers' compensation violations and unlicensed contracting.	January 2020
2.5 Develop a program to improve complaint response by setting priorities and recognizing staff achievements.	January 2020
2.6 In partnership with the Public Affairs Office and Licensing division, create online courses and content to educate licensees. <i>(See Public Affairs objective 4.10 and Licensing objective 1.9)</i>	December 2021

<b>Enforcement Objectives</b>	<b>Target Date</b>
2.7 Provide training opportunities to improve morale and staff knowledge.	Ongoing
2.8 Prioritize proactive investigation of license requirements to protect the public and licensed contractors by removing unlicensed contractors from the marketplace.	Ongoing
2.9 Attend job fairs to promote employment opportunities at CSLB.	Ongoing



## LEGISLATION

Ensures that statutes, regulations, policies, and procedures strengthen and support CSLB operations

Legislation Objectives	Target Date
3.1 Collaborate annually with industry and consumer leaders to share new legislative ideas.	January 2019 – November 2019 (annually thereafter)
3.2 Seek legislation to mandate workers' compensation insurance for specified license classifications to protect workers and consumers. (Statutory)	February 2019
3.3 Review disaster related consumer protection laws, including the hazardous substances certification requirements. (Statutory)	July 2019
3.4 In conjunction with the Licensing division, review multiple qualifier responsibilities and bonding requirements to determine if regulatory or legislative changes will improve consumer protection. <i>(See Licensing objective 1.5)</i>	August 2019
3.5 Clarify home improvement contract requirements to improve licensee understanding and compliance. (Statutory)	July 2020
3.6 Review laws and update penalties as necessary to ensure they are adequate for the violations in order to encourage compliance and protect consumers. (Regulatory)	March 2021

Legislation Objectives	Target Date
3.7 Clarify in regulation (CCR section 825) the definition of foreman, supervising employee, and contractor, to provide applicants greater clarity about the experience needed to obtain a license. (Regulatory)	June 2021
3.8 Research the feasibility of a graduated fee increase for larger licensed contractors to increase enforcement resources and public outreach. (Regulatory)	September 2021



## PUBLIC AFFAIRS

Educates consumers about making informed choices related to construction services, and provides information to licensed contractors so they can improve their awareness of contracting laws and technical, management, and service skills

Public Affairs Objectives	Target Date
4.1 Distribute a calendar of key meetings, events, and activities to Board members to increase participation and their ability to advocate on the Board's behalf.	January 2019
4.2 In partnership with all divisions, lead effort to formalize CSLB's disaster response program. <i>(See Enforcement objective 2.1)</i>	June 2019
4.3 Conduct a workload analysis to determine if additional staffing resources are needed.	June 2019
4.4 In partnership with the Enforcement division, develop, and implement a plan to identify opportunities to increase publicity concerning enforcement actions, including relaunch of CSLB's Most Wanted feature. <i>(See Enforcement objective 2.3)</i>	Develop: June 2019  Implement: January 2020
4.5 Research the feasibility of creating a text alert program to communicate with licensees and consumers, and implement if possible.	Feasibility: June 2019  Implement: March 2020
4.6 Expand website content to keep industry and licensees up-to-date on relevant information.	September 2019 and ongoing

Public Affairs Objectives	Target Date
<p>4.7 In partnership with the Licensing division and Information Technology unit develop online original contractor applications to reduce application return rates.</p> <p><i>(See Licensing objective 1.7 and Information Technology objective 5.15)</i></p>	December 2019
<p>4.8 Develop orientation videos for new staff, managers and Board members.</p> <p><i>(See Administrative objective 5.8)</i></p>	January 2020
<p>4.9 In partnership with the Information Technology unit, review and update web content to ensure information presented to the public is accurate and accessible.</p> <p><i>(See Information Technology objective 5.16)</i></p>	March 2020
<p>4.10 In partnership with the Enforcement and Licensing divisions, create online courses and content to educate licensees.</p> <p><i>(See Enforcement objective 2.6 and Licensing objective 1.9)</i></p>	December 2021



## EXECUTIVE

Enhances organizational effectiveness and improves the quality of service in all programs

### ADMINISTRATION

Administration Objectives	Target Date
5.1 Evaluate the use of in-house legal counsel to supplement current Board counsel.	January 2019
5.2 Execute a Memorandum of Understanding (MOU) with the Workers' Compensation Insurance Rating Bureau to provide a program to the Contractors State License Board to track workers' compensation policies.	March 2019
5.3 Provide training on progressive discipline process to assist managers and supervisors in addressing performance issues.	May 2019
5.4 Provide team building and leadership training for managers and supervisors to make the management team more effective.	September 2019
5.5 Research a special investigator series.	December 2019
5.6 Pursue salary differentials in regions with higher living costs.	December 2019
5.7 Standardize human resource processes to increase efficiency in regard to personnel matters.	January 2020
5.8 Enhance onboarding and orientation program for new staff, managers and Board members. <i>(See Public Affairs objective 4.8)</i>	January 2020

<b>Administration Objectives</b>	<b>Target Date</b>
5.9 Develop benchmarks for the hiring process in order to extend job offers and onboard new employees more quickly to avoid losing qualified candidates.	March 2020
5.10 Review the budget quarterly to guide the Board on resource allocation.	Ongoing



## INFORMATION TECHNOLOGY

Information Technology Objectives	Target Date
5.11 Establish online process to automate public sales requests in order to reduce costs.	December 2019
5.12 Update the website to offer e-payments (e.g. citations, renewals, and other fees) to improve convenience and reduce staff paperwork.	December 2019
5.13 Create an on-line e-signature DocuSign feature to improve convenience.	December 2019
5.14 Create an online account option for licensees to update their own license records and offer online payment options to improve licensee service and reduce processing time.	December 2019
5.15 In partnership with the Licensing division and Public Affairs office develop online original contractor applications to reduce application return rates. <i>(See Licensing objective 1.7 and Public Affairs objective 4.7)</i>	December 2019
5.16 In partnership with Public Affairs, review and update web content to ensure information presented to the public is accurate and accessible. <i>(See Public Affairs objective 4.9)</i>	March 2020
5.17 Identify mobile technology to enhance efficiencies for field staff.	June 2020

Information Technology Objectives	Target Date
5.18 Create a mobile app of available services, including more efficient means to report unlicensed activity.	June 2020
5.19 Expand public records and licensing information on the website to increase transparency. <i>(See Licensing objective 1.10)</i>	Ongoing
5.20 Conduct needs assessment to determine requirements for new licensing/enforcement computer system.	Ongoing
5.21 Implement SCORE 2.0 programming.	Ongoing



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