

MARCH 14, 2025
COMMERCE, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Board Meeting





CONTRACTORS STATE LICENSE BOARD

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STATE OF CALIFORNIA

Governor Gavin Newsom

NOTICE OF PUBLIC BOARD MEETING

Friday, March 14, 2025, 9:00 a.m. – 1:00 p.m. (or until the conclusion of business)

MEETING LOCATION

Electrical Training Institute
6023 Garfield Avenue, Room 300
Commerce, CA 90040

Meetings are open to the public except when specifically noticed otherwise in accordance with the Open Meeting Act. All times when stated are approximate and subject to change without prior notice at the discretion of the Board unless listed as “time certain.” Items may be taken out of order to maintain a quorum, accommodate a speaker, or for convenience. **Action may be taken on any item listed on this agenda, including information-only items.** The meeting may be canceled without notice.

Members of the public can address the Board during the public comment session. Public comments will also be taken on agenda items at the time the item is heard and prior to the Board taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair. All times indicated and the order of business are approximate and subject to change.

This meeting will also be live webcast (with an approximate 30-second delay). Links are available at the end of this agenda.

MEETING AGENDA

Friday, March 14, 2025 – 9:00 a.m.

- A. Call to Order, Roll Call, Establishment of Quorum, and Chair’s Introduction
- B. Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests (*Note: Individuals may appear before the board to discuss items not on the agenda; however, CSLB’s board can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).*)
- C. Presentation of Plaques or Certificates of Recognition
- D. Update and Discussion on Southern California Wildfire Response
- E. Executive
 1. Review and Possible Approval of December 12, 2024, Board Meeting Minutes

2. Registrar's Report
 - a. 2024 Accomplishments and Activities Report
 - b. Update and Discussion of 2025-2027 Executive Strategic Plan Objectives
 - c. Review, Discussion, and Possible Action on Supporting Information Included with Solar Energy System Disclosure Document Pursuant to Subdivision (c) of Business and Professions Code Section 7169
3. Budget Update
4. Administration Update
5. Information Technology Update

F. Legislation

1. Update and Discussion of 2025-2027 Legislative Strategic Plan Objectives
2. Update and Discussion Regarding Additional Provision to 2025 Proposed Non-substantive Updates to Contractors State License Law
 - a. Clarifying when industry expert reimbursement costs are due
3. Review, Discussion and Possible Action on 2025 Legislation
 - a. Board-Sponsored Legislation:
 1. AB 521 (Carrillo) Clarify CSLB is not responsible for legal fees on civil claim against licensee cash deposit.
 2. AB 559 (Berman) Update definitions and penalties for accessory dwelling unit construction and contractors accepting money in advance of work performed / materials delivered.
 3. SB 291 (Grayson) Authorize contractors meeting specified criteria to file exemptions from workers' compensation.
 4. SB 779 (Archuleta) Increase minimum civil penalties on citations.
 - b. Other Legislation:
 1. AB 476 (Gonzalez) Would require CSLB to license "junk dealers."
 2. AB 1327 (Aguiar-Curry) Allow consumers to cancel a home improvement contract via email or telephone.
 3. AB 1002 (Gabriel) (*spot bill at time of agenda publication*) Contractors: failure to pay wages: discipline.
 4. SB 641 (Ashby) Urgency bill to clarify license classifications for disaster debris removal.
 5. SB 784 (Durazo) Increase consumer protections for consumers securing financing for residential home improvement.

G. Enforcement

1. Update and Discussion of 2025-2027 Enforcement Strategic Plan Objectives
2. Enforcement Program Update

H. Licensing

1. Update and Discussion of 2025-2027 Licensing Strategic Plan Objectives
2. Review, Discussion and Possible Action Regarding Proposed Policy of Board Acceptance of Out-of-State Candidates Who Have Passed the NASCLA Commercial General Builders Examination and Meet Other Specified Criteria
3. Review, Discussion, and Possible Action to Approve Construction Management Education Account Advisory Board Membership for July 2025-June 2028 Term
4. Licensing and Testing Program Update

I. Public Affairs

1. Update and Discussion of 2025-2027 Public Affairs Strategic Plan Objectives
2. Public Affairs Program Update

J. Adjournment

Note: The webcast can be found at www.cslb.ca.gov or on the board's YouTube Channel: <https://www.youtube.com/user/ContractorsBoard/>. Webcast availability cannot, however, be guaranteed due to limitations on resources or technical difficulties. The meetings will continue even if the webcast is unavailable.

Note that viewers of the webcast can only view the meeting, not participate.

The meetings are accessible to those needing special accommodation. A person who needs a disability-related accommodation or modification in order to participate in the meetings may make a request by calling (916) 255-4000 or emailing Robin.williams@cslb.ca.gov, or 9821 Business Park Drive, Sacramento, CA, 95827. Providing your request at least five business days prior to the meetings will help ensure availability of the requested accommodation.



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AGENDA ITEM A

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

Roll is called by the Board Chair or, in his/her absence, by the Board Vice Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

Board Member Roster

JOËL BARTON	MICHAEL MARK
RODNEY M. COBOS	HENRY NUTT III
MIGUEL GALARZA	STEVEN PANELLI
AMANDA GALLO	JOSEF PRECIADO
ALAN GUY	JAMES RUANE
JACOB LOPEZ	THOMAS J. RUIZ
DIANA LOVE	MARY TEICHERT



AGENDA ITEM B

Public Comment Session - Items Not on the Agenda

(Note: Individuals may appear before the CSLB to discuss items not on the agenda; however, the CSLB can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)). Public comments will be taken on agenda items at the time the item is heard and prior to the CSLB taking any action on said items. Total time allocated for public comment may be limited at the discretion of the Board Chair.

BOARD AND COMMITTEE MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board should not receive any substantive information from a member of the public regarding matters that are currently under or subject to investigation, or involve a pending administrative or criminal action.

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be requested to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action:
 - (a) The Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board once the matter is no longer pending; or,
 - (b) If the matter involves complaints against the Registrar, once the matter is final or no longer pending, the Board may proceed to hear the complaint in accordance with the process and procedures set forth in Government Code section 11126(a).
- (3) If a person becomes disruptive at the Board meeting, the Chair will request that the person leave the meeting or be removed if the person refuses to cease the disruptive behavior.



AGENDA ITEM C

Presentation of Plaques or Certificates of Recognition



AGENDA ITEM D

Update and Discussion on Southern California Wildfire Response





Update and Discussion on Southern California Wildfire Response

Beginning January 7 and continuing through January, California battled the Eaton, Palisades, Hurst, Hughes, Lidia, and Kenneth fires in Los Angeles County. On January 10, wildfire alert and resource information were made available at the top of the CSLB website.

CSLB has been staffing disaster recovery centers (DRCs) since they first opened, providing survivors with resources about rebuilding after a disaster. Three DRCs were opened in Los Angeles, Pasadena, and Altadena in response to the Eaton and Palisades fires, the largest of the fires. CSLB staff have attended all three centers (which are now down to two) every day from 8 a.m. to 8 p.m. and will continue to do so until they are closed. Through the end of February, the Los Angeles DRC alone had nearly 15,000 visitors, and hundreds of contractors have picked up access passes to begin entering the disaster area.

CSLB partnered with the Department of Insurance (CDI) and began posting signs and providing a “boots on the ground” presence in the affected areas. CSLB swept the affected areas with CDI over one or two days for three of the five weeks since the event, most recently on February 27. Two sweeps were canceled due to rain and mudslides.

The CSLB Public Affairs Office (PAO) released a consumer protection [press release](#) approved by the California Governor’s Office of Emergency Services (Cal OES) on January 17. PAO is regularly sharing posts on social media about its Disaster Help Center and posts from Cal OES regarding fire updates. CSLB maintains a Disaster Hotline that sends disaster-related calls to the top of the queue, which is answered by Call Center staff.

On January 14, the Registrar attended a meeting requested by the North Coast Builders Exchange to discuss lessons learned in the Butte County fire rebuilding efforts. The Registrar also attended a meeting requested by Business Consumer Services and Housing Secretary Tomiquia Moss on the fires and upcoming strategies for recovery efforts. Executive staff are also attending weekly Task Force meetings on recovery and rebuilding hosted by Los Angeles County.

CSLB implemented the Governor’s Executive Order [N-15-25](#) to postpone renewal payments for licensees in the designated zip codes in Los Angeles County and is also expediting contractor applications to work in the disaster areas.



CSLB

WILDFIRE RESPONSE

CSLB is continuing to work on educating survivors and licensees as they go through the recovery process, including coordinating rebuilding webinars with different Los Angeles County and State of California officials. CSLB Executive staff regularly meet with city and county officials and are planning a webinar with Assemblymember Jacqui Irwin's office to provide consumer protection tips and learn from survivors about their unmet needs.

AGENDA ITEM E

Executive



AGENDA ITEM E-1

Review and Possible Approval of December 12, 2024, Board Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

Board Meeting Minutes

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

Board Chair Michael Mark called the meeting of the Contractors State License Board (CSLB) to order on December 12, 2024, at 9:00 a.m. at the Sheet Metal Workers' Local Union No. 104, Alameda and Contra Costa Counties - Joint Apprenticeship and Training Committee, 1401 Greenville Rd., Livermore, CA 94550.

Vice Chair Miguel Galarza led the Pledge of Allegiance, and a quorum was established.

Board Members Present

Michael Mark, Chair
Miguel Galarza, Vice Chair
Alan Guy, Secretary
Joël Barton
Rodney Cobos
Diana Love
Steve Panelli
Josef Preciado
James Ruane

Henry Nutt III arrived later at the meeting at 10:05 a.m. Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert had approved absences.

CSLB Staff Present

David Fogt, Registrar
Rebecca May, Chief of Legislation
Steve Grove, Chief of Enforcement
Carol Gagnon, Chief of Licensing
Katherine White, Chief of Public Affairs
David Gower, Public Affairs Supervisor
Jason Perez, Chief of Information Technology
Ingrid Witowski, Chief of Administration
Robin Williams, Executive Analyst
Amy Lawrence, Television Specialist

DCA Staff Present

John Kinn, DCA Legal Counsel
Yvonne Durantes, DCA Assistant Deputy Director of Board and Bureau Relations



B. Public Comment for Items Not on the Agenda and Future Agenda Item Requests

Board Chair Michael Mark said that in November, Governor Newsom appointed Josef Preciado as a new Public Member of the Board. Member Preciado currently works as an Economic and Small Business Development Representative for SMUD and as a Higher Education Consultant for Sova Solutions. Member Preciado has also worked in higher education at American River College and Sacramento State.

Chair Mark said last Friday, Governor Newsom announced the appointment of Yvonne Dorantes as the Assistant Deputy Director for Legislative and Government Affairs at the Governor’s Office of Emergency Services. They said Dorantes will be missed by CSLB staff and Board members.

Board Member Comment

Member Josef Preciado expressed gratitude for the opportunity to serve on the board, emphasizing their background in education, workforce development, and planning. They discussed how their experience helps them understand the board's responsibilities in regulating and enforcing statewide issues. Member Preciado said they are eager to contribute to the board's mission and are committed to learning and actively participating in discussions to help achieve strategic goals.

Public Comment

Brian Master shared information about Local 104, which covers 49 counties in California, stretching from Ventura to the Oregon border and the Nevada border. Local 104 has approximately 10,000 members, including retirees, and focuses on architectural metal, roofing, HVAC, and air quality. Local 104 covers both industrial and residential work. Currently, there are over 800 active members and 559 apprentices in District One, which includes the Bay Area. Master encouraged attendees to tour the building, which serves as both a school and training facility for apprentices. The Local 104 maintains a strong partnership with contractors, ensuring effective collaboration in training and apprenticeship.

C. Presentation of Certificates of Recognition

Chair Mark recognized Quality Assurance Special Investigator Delphine Tran, who has been with CSLB since 2012. Tran initially worked as a Consumer Services Representative and was later promoted to Special Investigator. They took on key roles investigating suspect applications, flagged applicants, and random pull experience applications. In the 2023-2024 fiscal year, Tran completed 407 application investigations. Tran was commended for their hard work and commitment and presented with a plaque.



Tran expressed gratitude to the board members, particularly Registrar David Fogt and Chief of Enforcement Steve Grove, for giving them the opportunity to make a change. They also thanked Quality Assurance Program Manager Joe Denecochea for their support, as well as the management and licensing staff for helping ensure their work runs smoothly.

D. Executive

1. Review and Possible Approval of September 18 and 19, 2024, Legislative Committee Meeting Summary and Board Meeting Minutes

Motion: To approve the September 18 and 19, 2024, Legislative Committee Meeting Summary and Board Meeting Minutes. Moved by Alan Guy; Diana Love seconded. Motion carried, 9-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Steve Panelli, Josef Preciado, James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Henry Nutt III, Thomas Ruiz, and Mary Teichert

2. Registrar’s Report

Registrar David Fogt shared highlights of the construction industry compliance group meeting held Sacramento, organized by Chair Mark, which brought together state agency leaders, building trades representatives, and investigators. The meeting included leaders from the Department of Insurance, Employment Development Department, and the Department of Industrial Relations, as well as federal representatives from the Wage and Hour Division. The goal was to share information about how to protect the public by ensuring contractors are licensed, construction sites are safe, and wage compliance rules are followed. Approximately 85 people attended. The event was praised as a success.

The Registrar also provided updates on upcoming board meetings, including one scheduled for March 14 in Commerce at an IBEW facility and another on June 13 in the Monterey or Salinas area. The annual meeting with the Nevada State Contractors Board has been postponed to September.

Board Member Comment

Chair Mark expressed appreciation for the hard work organizing the compliance group meeting, noting positive feedback from staff and building trades compliance



investigators. They said the leadership shown by CSLB was well-received and emphasized the focus on protecting California consumers. Chair Mark asked for a round of applause for everyone involved.

Public Comment

There was no comment.

3. Budget Update

Chief of Legislation Rebecca May summarized CSLB's financial performance for the fiscal year 2024-2025. CSLB has an authorized budget of \$82 million while Year-end projections estimate \$94 million in revenue, \$82 million in board expenditures, and \$6.3 million in mandatory external costs.

Chief May said as of October, CSLB has spent approximately 36 percent of its budget. Revenue collection has reached nearly \$40 million, reflecting a 6.6 percent increase compared to the previous year. The beginning fund balance for the fiscal year is \$41.7 million, with projections to increase reserves to \$47 million by year-end, which represents six months of reserves.

Chief May said the Construction Management Education Account continues to see an increase in annual donations. CSLB has received approval to raise grant disbursements from \$175,000 to \$225,000, which were discussed further in the Licensing update. The first quarter of the fiscal year shows positive results, including a 2.5 percent increase in renewals compared to two years ago.

Board Member Comment

Chair Mark expressed appreciation to Budget Manager Stacey Paul for their hard work. They highlighted the organization's reserves, which currently stand at six months, a significant improvement from when the chair first joined the board, when reserves were at 1.9 months.

Public Comment

There was no comment.

4. Administration Update Regarding Personnel and Facilities

Chief of Administration Ingrid Witowski provided an update on CSLB personnel and facilities. CSLB had an average of 24 vacancies out of 425 authorized positions in the first quarter of fiscal year 2024-25, representing a 6 percent vacancy rate.



Chief Witowski said CSLB personnel will host the second session of a Career Consulting class on December 12, 2024. The first session in August focused on job applications, while part two will cover interview preparation and tips.

Chief Witowski notes that CSLB participated in two career fairs in the second quarter of fiscal year 2024-2025: one in Santa Ana for job seekers, students, and graduates, and another for veterans in Sacramento. CSLB will continue partnering with various organizations for future career fairs.

Chief Witowski provided an update on the initial Request for Proposal (RFP) to evaluate resources for addressing unlicensed construction practices noting that CSLB is working with California State University, Sacramento on a revised scope of work, with an anticipated contract execution date of February 3, 2025.

Chief Witowski said 2024 is the mandatory year for CSLB managers and supervisors to complete 20 hours of leadership training. Training materials have been provided, and supervisors are currently completing this training requirement.

Board Member Comment

Chair Mark expressed gratitude for Chief Witowski's efforts to complete the contract with Sacramento State University and looks forward to seeing it executed, with expectations for that to take place in the first quarter of 2025.

Public Comment

There was no comment.

5. Information Technology Update

Chief of Information Technology Jason Perez provided an update on CSLB information technology initiatives including its progress in modernizing its systems. Key highlights include Enterprise Content Management System (ECM), a new document management system based on the Box cloud platform.

Chief Perez said this will improve document security, with enhanced protection for sensitive data, including redacted personal information. The process of transferring 24 million documents to the new system is ongoing, with efforts to ensure data integrity and accessibility. Streamlined workflows are being developed, such as automating document approvals, with full implementation expected by April 2025.

Chief Perez said progress is being made on the online application system for sole owners. The core features are being built to integrate with CSLB's databases, with plans to introduce a new payment provider and ensure legal compliance. The system is set to launch in May 2025.



Chief Perez said the IT team is updating systems to reflect recent legislation, including changes to licensing exemption thresholds, incorporating licensing for federally recognized tribes, and updating public information on the CSLB website. They said IT staff are preparing for an Independent Security Assessment by the Department of Military in February. They said the team is on track with their ongoing projects.

Board Member Comment

Registrar Fogt asked about plans to update equipment for upcoming meetings, saying the current equipment is outdated. They asked if there is a plan to have new equipment for the March meeting that will not incur significant costs.

Chief Perez confirmed that new cameras are being purchased that will be located in the middle of the meeting floor, allowing for better coverage of participants. The new system will include two cameras and microphones, improving the online conference presentation.

Board Member Steve Panelli asked about the timeframe for the data transfer process, expressing concern about how long it will take, especially considering the large volume of files involved.

Chief Perez responded noting the data transfer process began in August and is expected to be completed by the end of next week, with hopes that everything will be finished on schedule.

Chief Mark acknowledged the contributions of Board Member Amanda Gallo and former Member Susan Granzella in leading the IT Advisory Committee.

Public Comment

There was no comment.

E. Legislation

1. Update and Discussion Regarding Implementation of SB 1455 (Ashby, Chapter 485, Statutes of 2024) – Contractors State License Board sunset extension bill.

Legislative Committee Chair Joël Barton provided an update on the implementation of SB 1455, which extends the Board's sunset date to January 1, 2029, and introduces changes to the Contractors State License Law. CSLB staff are working across multiple divisions to ensure smooth implementation by January 1, 2025. Efforts include preparing to process tribal contractor's licenses, training staff on new processes, coordinating with the examination vendor (PSI) for direct exam payments and electronic exam result transmission, processing expert investigation reimbursements, updating procedure manuals, and revising CSLB's website and materials to inform applicants and licensees about the changes.



Board Member Comment

There was no comment.

Public Comment

There was no comment.

2. Update, Discussion, and Possible Action Regarding Workers' Compensation Insurance Exemption

Chair Barton said Agenda items 2 through 4 involve legislative proposals for approval. The 2025-2026 legislative session began on December 2, with new legislators sworn in and bills introduced. Bill introduction season begins on January 6, and legislators have until February 21 to introduce bills. Board staff will track any legislation related to CSLB or the contracting profession and provide updates at the next quarterly meeting in March.

Board Member Comment

There was no comment.

Public Comment

There was no comment.

a. Update Regarding November 19, 2024, Stakeholder Meeting

Chair Barton highlighted Item 2a and discussed the Workers' Compensation Insurance Stakeholder Meeting. Senate Bill 1455 delayed the requirement for all licensees to hold workers' compensation insurance until January 1, 2028, and directed CSLB to establish a process for verifying exemptions. A legislative proposal, drafted by Vice Chair Galarza and Chair Barton with staff assistance, was shared at a November 19 stakeholder meeting to gather feedback from industry leaders, which helped shape the draft proposal under discussion.

Board Member Comment

There was no comment.

Public Comment

Marc Connerly, executive director of the Roofing Contractors Association of California, expressed gratitude for preserving the prohibition of a C-39 contractor filing an exemption from the workers' compensation requirement. They emphasized the



importance of this issue, saying it has been a key initiative for over two decades in the fight against the underground economy and insurance fraud. The association has passed legislation in the past to mandate workers' compensation for C-39 contractors and believes further exemptions could undermine these efforts. Connerly offered continued support and input on creating language for exemptions in other trades, particularly for C-39 contractors.

b. Discussion and Possible Action Regarding Workers' Compensation Insurance Legislative Exemption Proposal

Legislative Chair Barton explained that Agenda item 2b is a draft proposal aimed at addressing issues related to workers' compensation insurance requirements. CSLB recognizes the financial burden on licensees without employees who do not benefit from a workers' compensation policy and the unfair advantage caused by contractors who falsely claim exemptions while having employees. The proposal would allow most licensees (except C-39 Roofing contractors) to file an exemption if they have no employees and do not undertake projects worth over \$5,000 for labor and materials. It includes provisions for adjusting this threshold for inflation and establishes steep penalties (starting at \$10,000 for sole owners) for licensees who falsely claim exemptions. Licensees would need to certify under penalty of perjury that they understand the penalties, and license renewal or reinstatement would be prohibited for those violating these provisions. The proposal authorizes CSLB staff to find a legislator to carry the bill and negotiate amendments as needed.

Board Member Comment

Board Member Alan Guy expressed concern about the potential enforcement challenges of the proposed bill, which would allow workers' compensation exemptions. They questioned how the enforcement of the exemption limit will be managed and whether it will require significant spending. Member Guy noted that the original bill was passed to combat fraud and requested input from the Enforcement Chief Steve Grove regarding the enforcement aspects.

Chair Barton said they shared the concerns of Member Guy, saying that as a licensed contractor they are subsidizing those who avoid workers' compensation requirements. They emphasized that enforcement is the key, which can be costly. They agreed with the intent behind the Sunset Bill and acknowledge that while it was a challenging issue, the proposal aims to provide a balanced approach to addressing the problem and move things forward in the interim.

Board Member Steve Panelli asked Registrar Fogt whether the \$10,000 penalty includes the costs associated with investigation time and staff efforts to fully process the complaint.

Registrar Fogt explained that the \$10,000 fine would be a citation civil penalty. CSLB retains civil penalties that help offset the cost of investigation and a citation appeal



before an administrative law judge. CSLB does not recover straight investigative cost for citations. If an accusation is filed against a contractor for continued violations, cost recovery is possible through the accusation process. Registrar Fogt noted this would be separate from the civil penalty.

Board Member Rodney Cobos asked for an example of a situation where a C-39 Roofing contractor would be eligible for a workers' compensation exemption.

Registrar Fogt provided an example of C-39 Roofing contractors who argue they shouldn't need workers' compensation insurance because they are semi-retired, focusing on small roof repair jobs to supplement their retirement income. Registrar Fogt said while this claim hasn't been verified, they argue that for small projects done individually, workers' comp may not be necessary. However, for larger roofing projects, workers' compensation would be required.

Member Panelli asked whether it would be wise to set a minimum contract value for roofing projects, such as roof replacements or major change-outs, that would require contractors to have workers' compensation insurance. They point out that these projects involve significant costs and a larger labor force.

Registrar Fogt said that under the current proposal, roofing contractors (C-39) are not eligible for the exemption from workers' compensation requirements, meaning they must have coverage. However, other classifications of contractors could apply for the exemption, but only for projects with a certain maximum value. Registrar Fogt stated small jobs, like painting or landscaping, might qualify for exemptions.

Chair Mark expressed appreciation for the Workers' Compensation advisory committee's efforts and stakeholder input. However, they raised concerns about the proposed exemption for certain classifications, specifically the C-8, C-20, C-22, C-39, and D-49 classifications, which are currently required to have workers' compensation insurance. Chair Mark stated that allowing exemptions for these classifications could be problematic. They stated the current \$5,000 exemption threshold is too high and suggest lowering it, possibly to \$2,500 or \$1,000, so contractors could certify they have no employees and still perform jobs within a more limited scope. They asked for feedback on this suggestion.

Member Guy expressed concern that raising the exemption limit for workers' compensation could encourage more fraud. To address these concerns, Member Guy suggested funding a larger investigative unit within CSLB to ensure proper enforcement. They proposed considering additional fees or bonds for contractors filing for workers' compensation exemptions and mentioned the possibility of auditing records to ensure compliance. Member Guy emphasized the importance of continuing efforts to combat fraud in the industry.

Registrar Fogt confirmed that civil penalties for violations are retained by CSLB, and not to the state general fund.



Vice Chair Miguel Galarza said one of the intentions behind the proposal is to identify contractors who falsely claim to have no employees. For example, if a contractor requests employment insurance from Employment Development Department (EDD), CSLB can easily flag them for discrepancies. The proposal includes a series of questions that contractors must answer correctly to confirm their understanding of employment rules, specifically regarding independent contractors. Vice Chair Galarza points out that agencies like CSLB, the IRS, and Franchise Tax Board all agree there is no such thing as an independent contractor in construction, and CSLB can use existing partnerships with other agencies to track and catch violators with minimal investigative effort.

Chair Mark asked if CSLB is currently notified by the EDD when a complaint or claim related to unemployment insurance is filed with a specific contractor.

Registrar Fogt said CSLB has a memorandum of understanding with EDD to share information, including findings of unemployment insurance claims. These findings are electronically transferred to CSLB and can lead to a suspension of a contractor's license for unpaid taxes. However, due to the high volume of such cases, enforcing this has not been a top priority. CSLB can suspend licenses if it finds that contractors have workers but lack workers' compensation insurance, and this is regularly reviewed at CSLB's Intake Mediation Centers. Registrar Fogt noted the issue comes down to how CSLB prioritizes its resources.

Member Diana Love asked Vice Chair Galarza if they could give examples of why those previously mentioned organizations do not consider construction workers to be independent contractors.

Vice Chair Galarza explained that workers in construction are not considered independent contractors due to the "rules of employment." They noted that if a contractor dictates specific work hours, breaks, and tasks, it signals an employer-employee relationship, not an independent contractor arrangement. Without a valid contractor's license, a worker is considered an employee, not an independent contractor. Vice Chair Galarza said many residential contractors misclassify workers as independent contractors to avoid taxes and often pay cash wages and issue 1099 forms to workers, which leads to complications with agencies like the IRS and EDD. They said these misclassifications can result in penalties, as the agencies will determine that these workers are employees, requiring the contractor to pay unemployment insurance, workers' compensation, and other taxes.

Chair Mark said they appreciated the work done on the Sunset bill and acknowledged that currently starting January 1, 2028, all licensees will require workers' compensation. However, Chair Mark reiterated that the proposed maximum amount of \$5,000 is too high, as it could cover significant jobs, such as electrical or HVAC work. Chair Mark suggested that to ensure consumers know the exemption limit by displaying it on the contractor's license detail on the CSLB website, allowing them to only take jobs within



the allowed value, such as a \$2,500 job. They believe this would be a better approach to prevent abuse and maintain transparency.

Member Panelli expressed concern about the proposed \$5,000 exemption limit for workers' comp, arguing that it's too high. They suggested a much lower limit, such as \$250, for smaller repairs like water heater replacements or outlet changes. Member Panelli stated contractors could circumvent the rule by splitting large jobs into smaller parts to stay under the \$5,000 threshold, potentially doing much more expensive work while avoiding enforcement.

Chair Mark said the \$5,000 maximum is a proposed piece of legislation, and if board members feel it is too high, they should discuss it.

Member Henry Nutt III arrived at the meeting at 10:00 a.m.

Legislative Committee Chair Barton shared that they worked closely with Vice Chair Galarza on the legislation and were initially against it but agreed to it as a compromise to extend the Sunset bill. They are open to amendments after public and board comments. Chair Barton also thanked Legislative Chief May, for their help and suggested that the State Compensation Insurance Fund should find a way to ensure all contractors have workers' compensation, potentially with a refundable down payment system for those who do not employ anyone.

Board Member Josef Preciado shared a concern about the proposed progressive fines, which can go up to \$30,000 per violation, and the potential suspension of a contractor's license. They asked about the process for revoking or indefinitely suspending a contractor's license, especially in cases of repeated violations. Member Preciado said they are concerned about consumer protection and at what point a contractor's repeated violations would lead to a permanent license revocation or suspension.

Registrar Fogt explained that previously, due to budget issues, CSLB focused on issuing administrative citations rather than formal accusations. Registrar Fogt noted that with the current healthy budget, the approach has shifted and contractors who repeatedly violate the rules will not just receive citations but may face accusations, leading to potential suspension or revocation of their license. They stated this process includes requiring contractors to show proof of workers' compensation and may involve probation and a disciplinary bond to recover investigation costs. Registrar Fogt stated the goal is to reduce complaints and ensure consumers have a positive experience with licensed contractors.

Legislative Chair Barton referred to a suggestion made by Vice Chair Galarza, who proposed that contractors would be required to sign a statement under penalty of perjury, affirming that they have workers' compensation insurance.

Registrar Fogt stated the advantage of the proposal is that it moves the workers' compensation requirement deadline from 2028 to 2027. Additionally, the form that



contractors would sign under penalty of perjury would help when filing complaints with the district attorney. They explained the form, which confirms the contractor's awareness of the workers' compensation requirement, would support prosecution of workers' compensation fraud, especially with the Department of Insurance's grant program funding such prosecution efforts.

Member Love shared support for Chair Barton's proposal to have contractors pay into a fund, with the possibility of receiving their money back if they meet the necessary requirements. Member Love stated this approach would encourage contractors to follow the rules, as people generally comply when they know they can get their money back.

Vice Chair Galarza mentioned a stipulation that, if a contractor is found in violation, they will lose the opportunity to ever file for an exemption in the future. While this is a severe measure, it is intended to ensure that contractors who fail to follow the rules will not be allowed to continue using the exemption.

Chair Barton reminded the board that the Legislative Committee did not meet before the board meeting, so a motion and a second are needed for all legislative voting items. Chair Mark was asked to make a motion to support the Board's sponsorship of a legislative proposal that would allow for an exemption from the workers' compensation requirement, with the option for an amendment if approved by Chair Mark.

Chair Mark shared appreciation for the discussions and hard work on the proposal, noting the importance of moving forward with the Sunset legislation. They suggested an amendment to the proposed exemption, stating that while the exemption date of January 1, 2027, was appropriate, the maximum limit for the exemption should be reduced to \$2,000 for single-person operations. Chair Mark then made a motion to approve the proposal with this amendment.

DCA Legal Counsel John Kinn suggested that Chair Mark ask for public comment on the proposed amendment before proceeding.

Legislative Committee Chair Barton asked if there were any public comments on the newly proposed amendment to decrease the value from \$5,000 to \$2,000.

Chair Barton said the amendment lowering the amount from \$5,000 to \$2,000 was now on the floor.

Executive Analyst Robin Williams clarified that the motion is to approve the proposal as presented, with an amendment to decrease the limit from \$5,000 to \$2,000.

Chair Mark stated the motion is to approve the proposal as presented, with the amendment to set the maximum allowable amount for exemption work at \$2,000. Additionally, they requested that this information be clearly noted on CSLB's website, indicating that contractors claiming the exemption can only perform work up to \$2,000.



Legislative Committee Chair Barton added that all other stipulations from the original proposal will remain unchanged.

Counsel Kinn notes that the value amount is found in Business and Professions Code section 7125(b) on page 79 of the Board Packet.

Chair Mark acknowledged that due to the minimum license threshold being raised to \$1,000 on January 1, they felt it was necessary to amend the motion to set the exemption limit at \$2,000, which is double the current minimum.

Public Comment

Rick Pires shared a message from Phil Vermuelen, who was unable to attend the meeting, which stated that, on behalf of the Flasher Barricade Association, they are disappointed by the postponement of the 2026 date but strongly support the proposal.

Pires stated that Phil Vermuelen, on behalf of the American Contractors Insurance Group, which writes bonds for licensed contractors, expressed interest in discussing the idea of requiring an additional bond. They have not yet had the chance to discuss it but look forward to meeting with the Registrar and other interested parties to explore the possibility of such a bond in certain situations.

Richard Markuson, representing a variety of specialty subcontractors (C-7, C-10, C-16, C-36), expressed their clients' disappointment over the reversal of legislation that would have removed the contractor exemption. They noted that legitimate contractors are often the ones paying for investigations and penalties. Markuson questioned the effectiveness of the \$10,000 penalty for failing to have workers' compensation, citing the low collection rate for wage and hour penalties by the Division of Labor Standards and Enforcement, suggesting that only a small percentage of penalties would be collected. Markuson also stated that they haven't heard complaints from members of contractor associations regarding the removal of the exemption, questioning how widespread the issue really is for the contractor community. They shared sympathy for solo practitioners in service and repair who face high minimum premiums for workers' compensation policies with no real benefits but suggested that it might be premature to pursue the issue without better understanding the impact on the wider contractor population.

Pires, representing the Basic Craft Workers' Compensation Program, strongly supported the idea of lowering the value to \$2,000.

Mark Connerly, representing the Roofing Contractors Association of California, respectfully requested that the limit be lowered to \$1,000 to remain consistent with the new limit for maintaining a license.

Motion: To approve the change of exempting licensees holding a C-39 Roofing classification from filing an exemption, staff recommend amending California Contractors State License Law to allow all licensees to file an exemption from WC



insurance requirements if they do not have employees and establish steep penalties for licensees with an exemption on file if it is subsequently determined they do have employees. Moved by Michael Mark; Rodney Cobos seconded. Motion carried, 7-3.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Diana Love, Henry Nutt III, and Josef Preciado.

NAY: Alan Guy, Steve Panelli, James Ruane

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

3. Review, Discussion, and Possible Action on 2025 Proposed Legislation

Legislative Committee Chair Barton presented legislative proposals for the Board to consider sponsoring in 2025. By sponsoring these proposals, the Board will authorize CSLB staff to find a legislator to present them and negotiate amendments as necessary.

a. Proposal to Add Accessory Dwelling Unit to Definition of “home improvement” under BPC Section 7151(a)

Chair Barton discussed a proposal to add accessory dwelling units (ADUs) to the definition of home improvement in Contractors Law. This proposal stems from a significant number of consumer complaints about contractors failing to complete ADU projects, resulting in financial harm. Chair Barton stated that ADUs are currently not explicitly mentioned in the law but are defined in the Government Code as separate or attached living units on a property with an existing or proposed primary residence. By adding ADUs to the definition, contractors working on ADUs would be required to follow the same payment rules as other home improvement projects. They stated these rules include limiting down payments to \$1,000 or 10 percent of the contract and establishing progress payments that align with the work completed and materials delivered.

Board Member Comment

Member Panelli raised concern about the application of the \$1,000 or 10 percent down payment rule for ADUs. They argued that ADUs, particularly pre-manufactured ones that cost significantly more than \$50,000, may require more upfront payment than the \$1,000 or 10 percent minimum. Member Panelli noted that for many ADU projects, \$1,000 would not cover even the initial costs, such as the plans for the construction. They suggested that the down payment rule may not be practical for ADU projects and proposed considering a straight 10 percent of the contract price instead to ensure contractors have sufficient funds to begin the work.



Registrar Fogt addressed concerns about ADUs and their classification as home improvement. They explained that while ADUs may not be physically connected to the primary home, they are considered an extension of it when zoned residential, and thus the home improvement contract requirements should apply. Registrar Fogt said the proposal aims to clarify this and address widespread issues with ADU projects in California, where many consumers have paid contractors in full or nearly full but received nothing in return, especially in cases where plans for the ADU were not provided or were incomplete.

Registrar Fogt also discussed the importance of ensuring consumers receive proper documentation, such as plans for the ADU, and suggested that contractors often face challenges with pre-manufactured units. They highlighted the significant financial harm consumers face when contractors fail to deliver, citing examples of consumers losing life savings. Registrar Fogt noted the proposal seeks to strengthen penalties, making violations a misdemeanor and potentially subjecting contractors to jail time for misappropriating funds.

Member Panelli agreed with the previous points and emphasized the need for clear communication with consumers about the payment process and project stages. They suggested that consumers should be informed about each step, such as obtaining permits and meeting milestones, similar to how banks release funds in stages during a construction loan. This would help prevent situations where consumers pay large amounts, but the work remains incomplete.

Member Panelli also shared concerns about the definition of ADUs as part of the home, noting that if an ADU has a separate address or entrance, it may be considered a separate entity rather than part of the home. They stressed the importance of clear definitions and language in the regulations to ensure proper classification. Lastly, they offered to assist in creating a video to help educate consumers, as many are unaware of the complexities involved in ADU projects.

Registrar Fogt acknowledged the importance of the offer to assist in crafting and fine-tuning the legislation. They mentioned that the video developer, Amy Lawrence, is present and suggested making the creation of a video about ADUs a priority. The video would aim to protect consumers and be made available on the CSLB website.

Member Guy suggested that the video and recommendations should address two distinct types of ADU projects: traditional stick-built construction and offsite manufactured units. They believe offsite manufacturing may involve more fraud, as contractors often lack actual factories. Member Guy proposed creating separate payment guidelines for these two scenarios — one for onsite construction and one for pre-manufactured units dropped into place. Each scenario would require different payment methods and recommendations due to the varied nature of the projects.



Member Panelli agreed with Member Guy's points and highlighted an additional issue with ADUs, particularly pre-manufactured or modular units. They explained that many consumers are unaware that installing an ADU involves more than just dropping the unit into place. Member Panelli added that essential services like electricity, water, sewer, and gas must also be connected, which consumers often overlook. As a result, people may be left with a completed structure but no working utilities. Member Panelli noted the need for clearer consumer education on the full scope of an ADU project, including the necessary infrastructure work, to avoid these issues. They offered to assist in addressing these concerns and ensuring the information is easy for consumers to understand.

Member James Ruane supported the idea of creating an informational video and suggested integrating it into the consumer permitting process. They proposed that, instead of just being available on the CSLB website, the video should be part of the official process when consumers sign up for an ADU project. This way, consumers would be required to watch the video as part of the process, ensuring they are educated about the steps and requirements before moving forward.

Public Comment

Rick Pires, representing the Basic Crafts Workers' Compensation Program, supported the ADU proposal.

Motion: To Add Accessory Dwelling Unit to Definition of "home improvement" under BPC Section 7151(a). Moved by Miguel Galarza; Steve Panelli seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Steve Panelli, Josef Preciado, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

b. Proposal to Enhance Penalties for Violations of Home Improvement Payment Provisions in BPC Section 7159(b)

Chair Barton addressed the proposal on the issue of progress payment violations by all contractors, not just those working on ADUs. CSLB enforcement staff have observed that some contractors violate progress payment laws. This proposal aims to strengthen penalties for licensees who fail to follow progress payment laws, leading to unfinished work or materials and financial harm to consumers. Specifically, it would impose a \$10,000 fine on individuals (licensed or unlicensed) if the violation causes financial



injury exceeding 10 percent of the contract price. Additionally, licensees could also face potential license revocation for progress payment violations.

Board Member Comment

Registrar Fogt explained that the board has adopted complaint prioritization guidelines, focusing on complaints that result in significant harm. They clarified that the 10 percent penalty is intended for more serious cases, especially when a contractor causes substantial financial damage. For smaller contracts with minimal harm, such as a first offense, the penalty may not lead to administrative action. They explained the penalty system is necessary to support enforcement and help district attorneys understand the severity of referrals. Registrar Fogt emphasized the need for discretion and good judgment due to limited resources when handling consumer complaints.

Public Comment

Richard Markuson raised concern about the \$10,000 penalty proposal, particularly in cases where the contract value is small. For example, if a \$5,000 project is involved, the damages might only amount to \$500, but the penalty could still be \$10,000, which is twice the contract value. They stated that since handymen (unlicensed workers) are exempt, they could be penalized \$10,000 even if the damage was minimal, like \$100. They are asking for clarification or rationale on how the penalty is applied in these situations, saying it seems disproportionate in some cases.

Motion: To Enhance Penalties for Violations of Home Improvement Payment Provisions in BPC Section 7159(b). Moved by Michael Mark; Steve Panelli seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Steve Panelli, Josef Preciado, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

c. Proposal to Raise Enforcement Fine Minimums

Chair Barton shared the proposal to raise enforcement fine "minimums," addressing an issue identified in the Board's 2023 Sunset review report. Currently, while CSLB has established maximum enforcement fines, there are no minimums or they are too low (e.g., \$200 for unlicensed practice, compared to a \$15,000 maximum). This leads to significant reductions in fines during citation appeals, with fines being lowered by about 50 percent in fiscal year 2023-2024. The proposal aims to establish minimum fines that better align with the severity of violations, support the Enforcement Division's workload,



incentivize compliance with the Contractors Law, and help recover litigation costs. Additionally, future increases to minimum fines would be based on the Consumer Price Index every five years.

Board Member Comment

There was no comment.

Public Comment

There was no comment.

Motion: To Raise Enforcement Fine Minimums. Moved by Rodney Cobos; Michael Mark seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

d. Proposal Regarding Attorney Fees on Claims Against a Cash Deposit in Lieu of a Surety Bond

Chair Barton proposed a change regarding attorney fees in claims involving a contractor’s cash deposit in lieu of a surety bond. The proposal, part of the 2023 Sunset review report, would clarify that CSLB is not liable for attorney fees in civil actions related to a contractor’s cash deposit. Contractors can opt to make a cash deposit to CSLB instead of using a surety bond, but CSLB cannot release any portion of this deposit without a court order. The proposal aims to protect CSLB from potential liabilities stemming from a court case (Karton) that suggested CSLB could be liable for attorney fees, despite CSLB not being a surety. The proposal would prevent CSLB from being exposed to such claims and protect its role in complying with the law.

Board Member Comment

There was no comment.

Public Comment

There was no comment.



Motion: The motion Regarding Attorney Fees on Claims Against a Cash Deposit in Lieu of a Surety Bond. Moved by Rodney Cobos; James Ruane seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

4. Review, Discussion, and Possible Action on 2025 Proposed Non-substantive Updates to Contractors State License Law

- a. BPC Section 7029.6 – Clarify a violation as a cause for discipline**
- b. BPC Section 7137 – Clarify a reimbursement due date**
- c. BPC Section 7076.5 – Clarify that “inactive” licensees need not carry WC insurance**
- d. BPC Section 7152 – Correct a reference within a definition**

Chair Barton stated that agenda items 4a through 4d propose non-substantive updates to Contractors Law, which are part of the annual "omnibus" bill authored by the Senate Business, Professions, and Economic Development Committee. These updates are minor, non-controversial, and cost-free.

Chair Barton said the proposed changes include clarifying that a violation of advertising requirements for motor vehicles registered with CSLB is cause for discipline, which will support compliance and reduce confusion. They confirmed that inactive licensees are not required to maintain workers' compensation insurance, as they are not performing active construction work. They also clarified that licensees must reimburse CSLB for expert costs only after a citation or letter of admonishment is final, not during appeals or if dismissed. Chair Barton noted a change includes correcting a mis-lettered cross-reference in Contractors Law regarding home improvement salespersons. They stated the Board will vote to submit the proposal to the Senate Committee, not sponsor it.

Board Member Comment

Member Guy asked whether the proposal about vehicle signage means that every vehicle a contractor owns must display their name and license number.



Registrar Fogt clarified that the vehicle signage requirement only applies to vehicles that are commercially registered and used for official business, not every vehicle a contractor owns.

Member Guy suggested that all contractors' vehicles are commercially registered.

Registrar Fogt stated that the answer would be yes.

Member Guy pointed out that many contractors have vehicles with their company names and license numbers, but there are also many contractors who have unmarked vehicles. They are curious whether the signage requirement applies to all vehicles, regardless of whether they are marked.

Registrar Fogt explained that vehicles that are commercially registered and owned by a business must display the contractor's license number and business name. This requirement helps enforcement staff identify licensed contractors at job sites and allows industry partners to report suspected unlicensed activity. Registrar Fogt clarified that smaller contractors may have vehicles that aren't commercially registered, and this typically doesn't apply to those vehicles. The rule is meant to ensure easier identification of licensed contractors at worksites.

Chair Barton acknowledged Member Guy's point, sharing that their own truck has a commercial license due to its weight, even though it is their personal vehicle. They said this could be an interesting issue to explore further.

Registrar Fogt suggested that Chair Mark may want to consider discussing this issue at a future committee meeting but clarified that the intent is not to make significant changes to the existing requirements.

Counsel Kinn explained that they are adding enforcement provisions to a 2003 statute (7296) with disciplinary language, as there was no way to enforce it previously. They said that if there is interest in limiting signage, it could be discussed at a future meeting.

Chair Barton agreed with the point raised and suggested that it may be worth looking further, potentially through the chair, at a later time, as many vehicles are registered to contractors.

Chair Mark acknowledged that many contractor vehicles are not marked and pointed out that the current law already exists. The proposed change is simply adding enforcement measures for non-compliance with the existing requirements.

Member Guy suggested removing discipline before voting.

Chair Barton said changing the language may not be feasible but said that their own vehicle is compliant, as it has the license plate number displayed, which serves as their license.



Member Guy motioned to amend and remove the item related to the discipline statement, suggesting it remain as is until further discussion at a future meeting.

Chair Mark suggested amending the language to include the word "may," making it "may cause disciplinary action" instead of "failure to comply causes disciplinary action." This change would give the enforcement team the flexibility needs while moving the proposal forward. They also questioned whether this amendment is legally acceptable.

DCA Legal Kinn confirms that an amendment could be made to this item.

Chair Mark acknowledged being the official second for the motion and confirmed that the request is to amend their motion. They asked the Chair Barton if the proposed amendments would be acceptable.

Counsel Kinn confirmed the amendment proposed is to change the language to "failure to comply with this section to, may constitute a cause for disciplinary action," while keeping the other three non-substantive amendments unchanged. They asked if the amendment is acceptable and if a motion can be made to approve it.

Note: It was confirmed the vehicle signage only related to commercially registered vehicles at construction sites.

Public Comment

There was no comment.

Motion: To approve these non-substantive legislative proposals for inclusion in the Senate BPED omnibus legislation. Moved by Alan Guy; Michael Mark seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

5. Review, Discussion, and Possible Action to Authorize Staff to Initiate Non-substantive Regulatory Changes Under the Section 100 Rule Without Seeking Advance Board Approval

Chief May stated the proposal seeks Board approval to allow CSLB staff to initiate minor, non-substantive regulatory changes through a Section 100 process without prior



Board approval. Section 100 changes are for updates that are minor in nature, such as renumbering provisions, deleting outdated regulations, or correcting grammatical errors. These changes move more quickly through the regulatory process since they do not require public comment or extensive documentation.

Chief May said historically, CSLB has sought Board approval before filing such changes, but this is not legally required. They said allowing staff to proceed without prior Board approval would streamline the process, reduce meeting agenda items, and save time for both the Board and staff. Chief May noted updates on Section 100 changes will still be provided at future meetings, and more substantial rulemakings will continue to require Board approval.

Board Member Comment

Member Panelli asked whether there will be a highlighted or clear notation to indicate the change, so the public can easily see that something has been modified.

Chief May explained the change would be filed with the Office of Administrative Law (OAL) and would go through a thorough vetting process. This includes review by the Department of Consumer Affairs and the Governor's Office, who must agree that the change is non-substantive before it is filed with OAL. Once approved by all offices it can be viewed by the public.

Registrar Fogt asked if the changes would be made without needing prior approval before starting the process.

Chief May shared that the proposal is to allow staff to file non-substantive changes with OAL directly without board approval, as these are minor adjustments like renumbering or correcting cross-references. They stated this would save time.

Member Panelli shared that changes to codes and standards, such as corrections in numbering or wording, are made regularly without requiring board approval. These are considered minor adjustments that do not affect the substance of the rules. The board is notified after the changes are made, but they are not asked to approve them beforehand. If there are significant issues, they can be revisited later, but most changes are routine and do not require further attention.

Member Love expressed appreciation for staff's efforts to improve efficiency and asked if the changes could be included in the board packet.

Chief May confirmed that the updates can be added, possibly on an annual basis, so the board can review them.

Public Comment

There was no comment.



Motion: To Authorize Staff to Initiate Non-substantive Regulatory Changes Under the Section 100 Rule Without Seeking Advance Board Approval. Moved by James Ruane; Henry Nutt III seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

The Board took a 12-minute break at 11:01 a.m. and reconvened at 11:13 a.m.

F. Enforcement

Chair Mark acknowledged the staff's efforts in organizing a recent partnership meeting focused on collaboration for public works and commercial enforcement strategies. They commended Registrar Fogt and Chief of Enforcement Steve Grove for leading the initiative and recognized the contributions of the CSLB Public Affairs staff in communication and content development.

1. Enforcement Program Update

Chief Grove provided a few highlights from the Enforcement Program Update, including two recent investigations.

They noted in March 2018, Green Bay Construction Co., Inc. entered into a contract for a \$1.2 million home construction in San Jose. Construction began in October 2018 but stopped in January 2022, leaving the project partially completed. The investigation found substandard workmanship requiring \$98,868 in corrections. As a result, Green Bay's contractor license was revoked, effective July 3, 2024.

Chief Grove informed the Board about Ruben Roncancio, a revoked licensee, who was hired in November 2017 by Calistoga homeowners to remove construction debris after the Tubbs Fire. Chief Grove said Roncancio submitted inflated invoices for \$16,683.43, including false disposal fees. After disputes over payments, Roncancio filed a mechanics lien for \$18,257.50. A CSLB investigation led to felony charges, and in September 2024, Roncancio was found guilty of contracting without a license, filing false documents, and perjury. He was sentenced to 90 days in jail and 2 years' probation in November 2024.

Enforcement Committee Chair Cobos continued the Enforcement Program Statistical Update, noting that from January 1 to October 31, 2024, CSLB received 18,297



complaints, with an expected total of over 20,000 for the year. As of November 2024, the pending caseload was 5,919, exceeding the optimal caseload of 4,860. Residential solar and accessory dwelling unit (ADU) complaints are a major contributor to the backlog. The Multiple Offender Unit investigates contractors with multiple complaints.

Chair Cobos confirmed that Special Investigators are averaging 8 case closures per month (2 less than the goal), and SSA staff mediated complaints resulting in \$31.6 million in restitution for consumers. They confirmed that 262 complaints are over 270 days old, and efforts are being made to reduce this backlog.

Chair Cobos said SWIFT conducted 38 undercover sting operations, 362 sweep days, and responded to 777 tips, closing 2,750 cases and taking legal action in 831 cases. Additionally, 981 Advisory Notices were issued for minor violations. They said from October 1, 2022, to October 31, 2024, 701 application investigations were conducted, with 444 approved, 126 withdrawn, and 182 denied.

Chair Cobos explained that CSLB has received many complaints about contractors failing to complete ADU projects, noting investigations are underway into Anchored Tiny Homes (whose license was revoked) and other contractors, including Next Generation Builders and Multitaskr, which have generated multiple complaints.

Chair Cobos noted that the Enforcement Academy was held in September 2024, and 18 Enforcement staff attended the NASCLA conference in September, focusing on investigative techniques and caseload management.

Board Member Comment

Board Chair Mark expressed gratitude by recognizing Delphine Tran, noting that she was responsible for verifying 400 out of the 700 total applications. They said Tran's work ensures applicants have the proper level of journeyman experience, which is critical for consumer protection.

Member Love asked whether there is a fund or resource available to help consumers recover money when businesses go out of business and are unlicensed. They inquired if the district attorney, CSLB, or the general fund provides any means to recoup the money for consumers in such cases.

Chief Grove commented that for licensed contractors, there is a \$25,000 bond available, but there is no additional fund to help consumers recover money from unlicensed contractors.

Public Comment

There was no comment.



2. Review, Discussion, and Possible Action on Supporting Information Included with Solar Energy System Disclosure Document Pursuant to Subdivision (c) of Business and Professions Code Section 7169

Enforcement Committee Chair Cobos shared the next agenda item would be presented by Registrar Fogt.

Registrar Fogt addressed a longstanding collaboration between CSLB and the Public Utilities Commission (PUC) regarding a Solar Energy System Disclosure Document for consumers purchasing residential solar and storage systems. Registrar Fogt outlined the role CSLB plays as an intermediary between the PUC and the California Solar and Storage Association (and other stakeholders) due to restrictions on direct communication.

Registrar Fogt stated the focus is on an optional consumer disclosure document that helps consumers understand potential energy savings in the first year of their solar system and provides useful information about contractors, payment terms, and financing options. While discretionary, the PUC plans to require the document for contractors in investor-owned utility districts (e.g., San Diego Gas & Electric, PG&E, Southern California Edison). CSLB is close to finalizing this document with PUC staff.

Board Member Comment

Registrar Fogt said the recommended staff motion is to approve the solar energy system supplemental information document in concept. The document provides consumer protection information about solar energy systems and potential energy savings. Registrar Fogt noted that CSLB staff are authorized to make non-substantive edits after further consultation with industry and the Public Utilities Commission (PUC) before submitting it to the PUC in January 2025. After PUC approval, CSLB staff will finalize the document and post it on the CSLB website for public use.

Counsel Kinn suggested before discussing the motion, the Board will first invite Josh Buswell-Charkow to speak during the public comment section.

Public Comment

Josh Buswell-Charkow, Deputy Director of California Solar and Storage Association, expressed appreciation for the opportunity to engage with the Board and noted working with Michael Jamnetski on the supplemental disclosure document since its initial development in 2019. Buswell-Charkow highlighted that the document is close to being finalized, with a few minor changes based on feedback from CalSSA members that aim to ensure contractors provide accurate information without offering details they cannot access. Buswell-Charkow stated they look forward to continuing collaboration with Jamnetski and providing further feedback soon.



Motion: To approve the solar energy system supplemental information document. Staff are authorized to make non-substantive edits after further consultation with the Board and the Public Utilities Commission (PUC) before submitting them to the PUC. Moved by Michael Mark; Henry Nutt III seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

G. Licensing

1. Licensing and Testing Program Update

Licensing Committee Chair James Ruane provided an update on the Licensing and Testing Division, noting CSLB received over 12,000 applications in the last quarter, slightly fewer than the previous quarter, which is typical for fall. They noted Licensing processing times remain under 3 weeks, with some units processing in under 2 weeks, which has been consistent for over a year.

Chair Ruane stated the number of voided applications has decreased, meaning more applications are progressing through the licensure process, and more than 29,000 renewal applications were received in the last quarter, a slight decrease from the previous quarter.

Chief of Licensing and Examinations Carol Gagnon summarized the Testing Update, noting between November 2023 and October 2024, PSI Exams administered over 54,000 exams for CSLB candidates, with a record of over 4,900 exams scheduled in October 2024. CSLB candidates can take exams at 20 California test centers and one in Oregon with the popular locations being Sacramento, Agoura Hills, El Monte, Riverside, and San Diego.

Chief Gagnon says between August and October 2024, the Examination Development Unit released one newly revised exam, with a new occupational analysis, item writing, updated references, and a new pass point while additional exams were being prepared for release. Chief Gagnon noted that from August 2023 to July 2024, over 9,000 Spanish-translated exams were taken. Spanish exams were being reviewed to ensure the language is in Latin American Spanish, which is more commonly used in California.



Board Member Comment

There was no comment.

Public Comment

There was no comment.

2. Review, Discussion and Possible Action to Grant Construction Management Education Account Awards

Chair Ruane stated at the end of each year, CSLB staff asks the Board to review and potentially approve grant awards for the construction management education account. The Board received approval to increase the disbursement authority from \$100,000 to \$225,000 for fiscal year 2024-2025. This increase will provide additional funding to institutions offering construction management education.

Chair Ruane said six colleges submitted grant applications this year, and the \$225,000 will be distributed among them. The revenues in the accounts come from voluntary contributions made by licensees during license renewal, and the funds are sufficient to support this request.

Chair Ruane asked the board to direct staff to distribute the 2025 CMEA grant awards to the selected colleges, as recommended by staff on page 160, contingent on the Department of Finance's approval to expend \$225,000 from the CMEA account.

Board Member Comment

There was no comment.

Public Comment

There was no comment.

Motion: To direct staff to distribute the 2025 CMEA grant awards to the identified colleges according to the staff recommendation on page 160, based on approval from the Department of Finance to expend \$225,000 from the CMEA account. Moved by Alan Guy; Steve Panelli seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None



ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

3. Review, Discussion, and Possible Action on Establishment of a C-61 Limited Specialty Contractor Classification for Wildfire Debris Removal and Flood Muck Out

Chief Gagnon addressed the staff proposal to create a new debris removal classification.

Chief Gagnon noted the headings in the board packet are incorrect; the proposal is for a Class A specialty license, not a D limited specialty. They discussed the impact of natural disasters, particularly wildfires and floods, on homeowners in California. In 2024 alone, over 7,000 wildfires burned more than a million acres, destroying 277 structures and causing one fatality.

Chief Gagnon explained that homeowners cleaning up after disasters can hire contractors with certain licenses, but none of the existing classifications are specifically designed for disaster cleanup. The work is hazardous due to risks like toxic gases, collapsing structures, live wires, and other dangers. Butte County, following the recent Park Fire and the 2018 Camp Fire, reached out to CSLB for guidance on which trades can perform cleanup work. This led to discussions about ensuring contractors have the necessary knowledge of safety protocols.

Chief Gagnon stated CSLB staff is working with Butte County to provide a list of qualified contractors. They are also collaborating with the California Governor's Office of Emergency Services (Cal OES) to ensure enough contractors are available and address any licensing challenges.

Chief Gagnon proposed creating a new C specialty classification to address the specific safety and logistical needs of clearing home sites after wildfires or floods, including proper safety gear, training, and debris disposal methods.

Board Member Comment

Member Panelli proposed that instead of creating a new specialty classification, the existing C-61 classification should be expanded to include the full scope of disaster cleanup, including requiring training for handling the specific dangers involved in debris removal, such as fire, toxic materials, gas, and sewage. This would ensure that contractors are properly equipped to handle these hazards.

Chief Gagnon explained the difficulty in creating a new D license for disaster cleanup is that the contractors with the necessary experience and training —such as those with A, B, C-21, and potentially D-64 licenses — are already qualified for certain aspects of the work. The concern was finding individuals with four years of experience specifically in



disaster cleanup to meet the requirements for a new D license, which posed a challenge.

Vice Chair Galarza raised concerns about whether there was any consideration or movement to expand the hazardous certification beyond just underground tank removal. They suggested that many of the areas affected by natural disasters, such as Superfund sites, require hazardous certification to handle toxicity, reactivity, ignitability, and other hazardous conditions. They asked if the direction regarding hazardous certification has changed or if there are plans to address these concerns in the context of disaster cleanup.

Chief Gagnon said several years ago, there was consideration to expand the hazardous classification, but due to the COVID-19 pandemic, the project was put on hold. They noted the research and information are still available, and it remains a possibility to explore as part of the current discussions. The team is still working out the details and will present their options to the board as they progress.

Member Guy asked whether contractors will still be able to complete disaster cleanup work under their existing A, B, or C-21 licenses.

Chief Gagnon clarified that those contractors will still be able to complete disaster cleanup.

Member Guy noted that California has a well-managed program for disaster cleanup, and their firm has handled such work in the past. They noted that California requires HAZWOPER certification to perform this work, which is crucial due to the toxic substances involved. Member Guy said they have observed unlicensed individuals working in disaster zones, which poses risks to both the environment and workers. They recommended that even if a new classification is created for disaster cleanup, the HAZWOPER certification should still be required to ensure safety and compliance.

Chief Gagnon stated they will make a note of that.

Board Chair Mark asked about the expected timeline for the process of creating a new classification, including the rulemaking process. They also raised concerns about the immediate need for disaster cleanup, seeking clarification on how the current situation will be addressed in the short term while the long-term process is underway.

Chief Gagnon notified Chair Mark of the immediate need and said CSLB will continue working with Butte County to provide a list of contractors in the area who can perform disaster cleanup under existing A, B, C-21, and D-64 licenses. As for the exam process for creating a new classification, it will likely take 18 months to two years. They explained the process can proceed in parallel with the board's approval of trade descriptions, allowing exams to be developed once the details are approved. They asked Chief May to comment on the regulatory process.



Chief May noted that the regulatory process would take 18 months to two years to complete.

Registrar Fogt suggested holding a Licensing Committee Meeting in January or February due to significant interest in the issue. Cal OES and Butte County officials want to be part of the discussion and hopes this can be arranged.

Chair Mark clarified that the Licensing Committee is being asked to take the lead on pursuing the creation of a new classification, with a potential meeting in January or February. They said the Board is acting today to move the process forward, but further discussions and details will be handled by the Licensing Committee.

Chair Ruane stated that is correct.

Executive Analyst Williams asked to clarify whether the discussion is about creating a C classification specifically for debris removal and the Licensing Committee will investigate and explore the possibility of establishing this new classification.

Chief Gagnon agreed with Executive Analyst Williams' statement.

Public Comment

There was no comment.

Motion: To direct staff to begin work on the regulations necessary to add a new C-specialty classification for disaster debris removal. Moved by Rodney Cobos; Joel Barton seconded. Motion carried, 10-0.

YEA: Michael Mark, Joël Barton, Rodney Cobos, Miguel Galarza, Alan Guy, Diana Love, Henry Nutt III, Josef Preciado, Steve Panelli, and James Ruane.

NAY: None

ABSTAIN: None

ABSENT: Amanda Gallo, Jacob Lopez, Thomas Ruiz, and Mary Teichert

H. Public Affairs

1. Public Affairs Program Update

Public Affairs Committee Chair Diana Love presented the Public Affairs Update on activities and initiatives completed by the Public Affairs Office (PAO) at CSLB. They explained that PAO handles media relations, industry, licensee, and consumer communications.



Chair Love said CSLB's website has been updated with alerts about home improvement contract rules, particularly progress payments. The website also includes a Disaster Help Center with resources for consumers. Chair Love noted CSLB participated in nine local assistance centers from August to October, aiding in wildfire responses.

Chair Love said PAO has created videos offering tips for hiring licensed contractors, including one on hiring an HVAC contractor. PAO focuses on producing videos in both English and Spanish, sharing them on YouTube and social media platforms.

Chair Love stated that CSLB continues to grow its presence on platforms including Facebook, Instagram, X (formerly Twitter), and LinkedIn. Popular posts include reminders about workers' compensation insurance and updates on sting operations. PAO has an updated subscriber list with nearly 192,000 members, which receives CSLB industry bulletins and press releases. Recent bulletins include updates on workers' compensation law and warnings about suspicious emails targeting contractors.

Chair Love reported that between August and October, PAO responded to 35 media inquiries, mainly addressing consumer issues with accessory dwelling units (ADUs) and solar projects. A consumer alert was issued warning about excessive upfront payments for home improvement projects. Chair Love noted PAO has been actively providing consumer protection information at outreach events, particularly for seniors, and upcoming outreach efforts include engaging new legislators. PAO also produced publications such as the 2025-27 Strategic Plan, the fall newsletter, and a guide on hiring licensed contractors.

Chair Love added PAO also contributes to internal communications, such as articles on the intranet about meetings, staff events, and achievements. They noted the Public Information Center has maintained low wait times for callers, consistently under the 6-minute goal for 2024.

Board Member Comment

There was no comment.

Public Comment

There was no comment.

2. Update and Discussion Regarding Implementation of AB 2622 (Carillo, Chapter 240, Statutes of 2024) – Increase the project amount and type of work exempted from contractor licensure on a single project with certain exceptions.

Chair Love shared an update on the Handyperson Advisory Committee meeting, where they discussed the implementation of AB 2622, which raises the licensure exemption from \$500 to \$1,000 for work that does not require a permit or employ anyone.



Chair Love stated efforts are underway to educate consumers and industry about the new rules through a press release, industry bulletin, newsletter, and social media. They noted Public Affairs is also updating 10 publications and revising outreach presentations for seminars targeting seniors and consumers. Other efforts include Enforcement is working on implementing AB 2622 by training staff on the new exemption amount, tracking complaints related to work under \$1,000, and ensuring consumer protection while IT is updating CSLB's systems to enable easy tracking of relevant data.

Chair Love reported the law may encourage more applicants for the B-2 Residential Remodeling classification, as it allows for work experience that could help qualify for this license. Chair Love invited board members to suggest additional ideas for ensuring consumer protection under the new law.

Board Member Comment

Board Chair Mark emphasized the importance of clearly communicating to consumers that the \$1,000 exemption under AB 2622 does not apply if a permit is required or if the individual employs someone else. They suggested including this clarification in social media posts, website banners, and all related communications to ensure the message is clear.

Vice Chair Galarza asked if there is a provision in AB 2622 that requires proof of paying taxes on earnings, rather than receiving cash wages or payments, to gain experience for the B-2 Residential Remodeling classification.

Public Affairs Committee Chair Love asked Registrar Fogt to answer Vice Chair Galarza.

Registrar Fogt explained that there are different ways for applicants to qualify their experience. Applicants can provide tax or payroll records, employment records with a licensed contractor, or a list of jobs performed. Registrar Fogt confirmed CSLB works with applicants to verify their experience. They noted that if an applicant can demonstrate performing work up to \$1,000 independently at the journey level for four years, they may qualify for the B-2 classification, which could serve as an entry point to a full B license.

Chair Love referred to Counsel Kinn, who clarified to Chair Love that if someone performs work worth over \$600, they are required to report it to the IRS.

Public Comment

There was no comment.



3. Review, Discussion, and Possible Action on Content Appropriate for Emailing Applicants and Licensees Pursuant to Email Authority Under Business and Professions Code Section 7083.2 (Senate Bill 630, Dodd, Chapter 153, Statutes of 2023)

Chair Love provided an update on a new law allowing CSLB to collect email addresses from applicants and licensees, which took effect this year. The law mandates that email addresses be provided during application or renewal but specifies that these addresses are not public record. CSLB uses the email addresses for two main purposes: distributing the California Licensed Contractor Newsletter and industry bulletins and recruiting subject matter experts for exam development. CSLB cannot share these email addresses with other agencies or industry groups due to statutory restrictions.

Board Member Comment

There was no comment.

Public Comment

There was no comment.

4. Review and Discussion on Two Videos Construction Inclusion Week and Tips for Hiring an HVAC Contractor

Public Affairs Chief Katherine White introduced two videos created by Television Specialist Amy Lawrence. The first video was for Construction Inclusion Week, which took place from October 14-18. The week aims to raise awareness and promote inclusion in the construction industry, offering educational and business resources. The video was shared on social media and posted on CSLB's YouTube channel. This video was then played and can be found at **3:08:35** of this meeting video.

Chief White then described the second video created by Public Affairs titled "Tips for Hiring an HVAC Contractor." This video is timely as consumers may need heating repairs during the winter or air conditioning services in the spring and summer. Public Affairs is also working on an educational video to help consumers understand the key details before signing a contract for an Accessory Dwelling Unit (ADU), focusing on the true costs to avoid overpaying upfront. Once completed, this video will be shared with the Board.

The "Tips for Hiring an HVAC Contractor" video was shown and can be found at **3:09:27** of this meeting video.

Board Member Comment

Member Henry Nutt III complimented the work on the videos and construction inclusion efforts, suggesting that it would be beneficial to connect with the primary general



contractors (GCs) who sponsor related events. They recommended capturing these events to support the initiative and offered to assist with this effort.

Chair Mark commented on the C-20 HVAC contractor video, expressing appreciation for the emphasis on permits. They highlighted the importance of this focus, noting that the HVAC industry currently faces issues with permits. Chair Mark thanked the team for addressing this need.

Chair Love complimented the video, praising the staff and contributors for their work.

Public Comment

There was no comment.

I. Closed Session

Closed Session: Pursuant to Government Code section 11126(e)(1), the Board will move into closed session to confer with, and receive advice from, its legal counsel regarding the following pending litigation: Walsh v. Whitley, San Diego County Superior Court, Case No. 37-2021-00038899.

J. Adjournment

Meeting adjourned at 12:28 p.m.

AGENDA ITEM E-2

Registrar's Report

- a. 2024 Accomplishments and Activities Report
- b. Update and Discussion of 2025-2027 Executive Strategic Plan Objectives
 - 5.4 Create focus groups to gain input from staff on procedures and increase staff engagement.
- c. Review, Discussion, and Possible Action on Supporting Information Included with Solar Energy System Disclosure Document Pursuant to Subdivision (c) of Business and Professions Code Section 7169





Review, Discussion, and Possible Action on Supporting Information Included with Solar Energy System Disclosure Document Pursuant to Subdivision (c) of Business and Professions Code Section 7169

Business and Professions Code (BPC) section 7169 requires a "Solar Energy System Disclosure Document" to be provided to a consumer before buying a residential solar energy system. This document is intended to provide consumers with clear, accurate, and comprehensive information about the system's installation, costs, anticipated savings, and financing options. The disclosure must be on the first page of the contract in 16-point font and include the total cost of the system, information on submitting consumer complaints, and the consumer's cancellation rights under BPC 7159.

The Contractors State License Board (CSLB), in collaboration with the California Public Utilities Commission (CPUC), developed the disclosure document as part of consumer protection measures introduced by Assembly Bill 1070 (2017). The [cover page](#) of the disclosure document has been in use since 2019, after the Board and CPUC jointly approved it in 2018.

BPC section 7169 also provides for other information to be included behind the cover page, called the "Supporting Information" pages. Finalization of the Supporting Information pages was delayed by unrelated changes to CPUC net energy metering (NEM) requirements because they impacted savings information that could be included in the document. Draft disclosure language has been extensively considered in meetings between CSLB staff, CPUC, CALSSA (California Solar & Storage Association), and other stakeholders.

At the December 2024 meeting, the Board approved a concept draft of the document that was to be subject to a final review by the CPUC. Additional edits were made to the draft after the December 2024 meeting, and CPUC posted it for public comment on February 5, 2025, with comments due February 25, 2025. The CPUC plans to discuss and possibly adopt the document at a conference on March 13, 2025.

A staff recommendation is pending at this time. A hard copy document of what, if any, document is approved by the PUC March 13, 2025, will be submitted for board member review and consideration at the March 14, 2025, meeting.

AGENDA ITEM E-3

Budget Update





CSLB Budget Update

Fiscal Year (FY) 2024-25 CSLB Budget Summary

CSLB has an authorized Governor’s Budget of \$80.8 million.

CSLB projects the final year-end revenue at \$94 million and board expenditures at \$80.8 million. In addition to its board expenditures, the board projects \$6.3 million in external mandatory costs.

As a result of these figures and projections, CSLB assumes the fund reserve would increase to \$48 million (approximately 6 months’ reserve) at fiscal year-end.

This information is summarized in the chart below:

FY 2024-25 BUDGET SUMMARY

Description	Amount
Beginning Reserve Balance	\$41,741,000
<i>Projected Fiscal Year-End Totals:</i>	
Revenue	\$94,000,000
Board Expenditures	\$80,825,000
External Costs	\$6,335,000
Total Expenditures	\$87,160,000
Ending Reserve Balance (Projected)	\$48,581,000
Months in Reserve	6.2

What follows are details of CSLB’s budget for each of the following topics:

- Fiscal Year 2024-25 Expenditures
- Fiscal Year 2024-25 Revenue
- Final Fiscal Year 2024-25 Budget and Adjustments
- Budget Letters - Government Efficiency Reductions
- CSLB fund condition
- Construction Management Education Account (CMEA) fund condition & Budget Change Proposals for FY 2025-26



Expenditures

Through January 31, 2025, CSLB spent or encumbered \$48 million, roughly 60 percent of its FY 2024-25 budget:

EXPENDITURE DESCRIPTION	FY 2024-25 BUDGET ACT	JANUARY 2025 EXPENSES	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES				
Salary & Wages (Staff)	\$33,823,000	\$18,548,920	\$15,274,080	45.2%
Board Members	16,000	3,100	12,900	80.6%
Temp Help	360,000	296,580	63,420	17.6%
Overtime	146,000	29,941	116,059	79.5%
Staff Benefits	17,160,000	9,417,804	7,742,196	45.1%
TOTALS, PERSONNEL	\$51,505,000	\$28,296,345	\$23,208,655	45.1%
OPERATING EXPENSES AND EQUIPMENT (OE&E)				
Operating Expenses	\$17,839,000	\$13,939,824	\$3,899,176	21.9%
Exams – Subject Matter Experts	2,315,000	974,003	1,340,997	57.9%
Enforcement	10,688,000	4,997,934	5,690,066	53.2%
TOTALS, OE&E	\$30,842,000	\$19,911,761	\$10,930,239	35.4%
TOTALS	\$82,347,000	\$48,208,106	\$34,138,894	41.5%
Scheduled Reimbursements (i.e., fingerprint, public sales)	-353,000	-56,542	-296,458	
Unscheduled Reimbursements (i.e., invest. cost recovery)		-281,909	281,909	
Pending Budget Adjustments due to May Revise	-1,169,000			
GRAND TOTALS (after May Revise)	\$80,825,000	\$47,869,655	\$32,955,345	40.8%

Revenue

CSLB received the following revenue through January 31, 2025:

Revenue Category	Through 01/31/2025	Percentage of Revenue	Change from prior year (01/31/2024)
Duplicate License/Wall Certificate Fees	\$270,129	0.4%	4.8%
New License and Application Fees	\$14,664,908	23.0%	4.1%
License and Registration Renewal Fees	\$43,463,900	68.2%	4.4%
Delinquent Renewal Fees	\$2,598,400	4.1%	8.0%
Citation Penalty Assessments	\$1,404,199	2.2%	7.2%
Misc. Revenue	\$1,357,166	2.1%	N/A
Total	\$63,758,702	100.00%	5.3%



Fiscal Year (FY) 2024-25 CSLB Final Budget and Adjustments

- CSLB’s FY 2024-25 budget decreased by \$425,000, from \$82.4 million to \$82 million due to one-time adjustments and reductions in the following areas: reconciling salaries and wages approved through the bargaining process; adjustments in employee retirement contribution rates, employee benefits for compensation and health rates, and operating expenditures (i.e., DCA pro rata); and wildfire disaster response cost adjustments.
- Additional anticipated budget adjustments, expected to be included in the Governor’s May Revise, will further reduce the final budget by \$1,169,000, bringing the total budget to \$80.8 million. These reductions are a result of Budget Letters 24-20 (Vacancy Reduction) and 24-24 (7.95% Expense Reduction). For more details, please see the next page.
- The chart below shows CSLB’s original approved FY 2024-25 budget (2024 Budget Act), showing the overall impact of the reductions and adjustments, and the final budget after the May Revise:

EXPENDITURE DESCRIPTION	FY 2024-25 BUDGET ACT	RETIREMENT ADJ	SALARY & BENEFIT ADJS	WILDFIRE DISASTER ADJS	FY 2024-25 FINAL BUDGET
PERSONNEL SERVICES					
Salary & Wages (Staff)	32,943,000		880,000		33,823,000
Board Members	16,000				16,000
Temp Help	360,000				360,000
Overtime	146,000				146,000
Staff Benefits	18,476,000	-1,824,000	508,000		17,160,000
TOTALS, PERSONNEL	51,941,000	-1,824,000	1,388,000		51,505,000
OPERATING EXPENSES & EQUIPMENT					
Operating Expenses	17,828,000	-350,000	272,000	89,000	17,839,000
Exams	2,315,000				2,315,000
Enforcement	10,688,000				10,688,000
TOTALS, OE&E	30,831,000	-350,000	272,000	89,000	30,842,000
TOTALS	82,772,000	-2,174,000	1,660,000	89,000	82,347,000
Scheduled Reimbursements	-353,000				-353,000
Unscheduled Reimbursements					
TOTALS, NET REIMBURSEMENTS	\$82,419,000	-2,174,000	1,660,000	89,000	\$81,994,000
<i>Anticipated Budget Adjustments due to Budget Letter Drills to be included in May Revise</i>					<i>-1,169,000</i>
New Governor’s Final Budget with May Revise Adjustments:					\$80,825,000



Budget Letters 24-10 – Government Efficiency Reductions

In July 2024, the Department of Finance (DOF) issued Budget Letter 24-10, which directed departments to take immediate action to help address a significant General Fund budget deficit and work toward achieving a balanced budget for the current year. To meet the required savings, the letter outlined two distinct budgetary reductions, as detailed below.

1. Budget Letter 24-20 – Reduction of Vacancy Funding and Position Elimination

The Department of Finance issued Budget Letter 24-20 to reduce the state workforce by 10,000 positions and \$1.5 billion (\$762 million general fund; \$738 million special fund). The BL 24-20 budget reduction will be effective starting in 2024-25 and ongoing while the position eliminations identified will become effective 2025-26 and ongoing.

- CSLB collaborated with the Department to successfully reduce the 35 vacant positions at that time to 7.5 positions, ensuring that only non-essential positions, excluding Enforcement or mission-critical positions, were removed.

2. Budget Letter 24-24 – Ongoing Reductions to State Operations

The Department of Finance issued Budget Letter 24-24 to provide instructions to implement state operation reductions required in the 2024 Budget Act for the development of the 2025-26 Governor’s Budget.

- CSLB successfully negotiated with the Department to minimize the impact of these reductions, thanks to several exclusions related to essential Board function. This negotiation reduced the initial request from \$500,000 to \$32,000.

As of today, the Department is operating under the understanding that the reductions will be approved as submitted and will be included in the May revise.

Below is CSLB’s breakdown of the anticipated reductions as outlined in the Budget Letters:

	2024-25*		2025-26*	
	Positions	Budget	Positions	Budget
Governor's Budget:	427.6	\$82,347	433.6	\$86,414
Pending Adjustments**:				
CS 4.05 (7.95% Reduction)		-\$32		-\$32
CS 4.12 (Vacancy Reduction)		-\$1,137	-7.5	-\$1,137
Total:		-\$1,169		-\$1,169
Reimbursements		-\$353		-\$353
Estimated Governor’s Budget with MR:	427.6	\$80,825	426.1	\$84,892

*Dollars in thousands

**Adjustments are pending final approval from the Department of Finance.



CSLB Fund Condition

Below is the fund condition for the Contractors' License Fund, which shows the final fiscal year (FY) 2023-24 reserve with adjustments (\$41.7 million, approximately 5.5 months' reserve), along with the projected reversion amounts for current year (CY) 2024-25 through budget year (BY) 2025-26:

<i>(Dollars in thousands)</i>	Final FY 2023-24	Projected CY 2024-25	Projected BY 2025-26
Beginning Balance <i>(Fund/Savings Account)</i>	\$25,820	\$41,741	\$48,581
Prior Year Adjustment	\$834		\$0
Adjusted Beginning Balance	\$26,654	\$41,741	\$48,581
Revenues and Transfers			
Revenue	\$99,081	\$94,000	\$95,000
Transfer from General Fund (Disaster Response)	\$67		
Total Resources <i>(Revenue + Fund/Savings Acct.)</i>	\$125,802	\$135,741	\$143,581
Expenditures			
Board Expenditures	\$78,245	\$80,825	\$84,892
External Costs	\$5,816	\$6,335	\$6,335
Total Expenditures	\$84,061	\$87,160	\$91,227
Ending Balance <i>(Fund/Savings Account)</i>	\$41,741	\$48,581	\$52,354
Months in Reserve	5.5	6.2	6.5
Dollars in Reserve	\$41.7 M	\$48.6 M	\$52.4 M

Notes:

- 1) Board expenditures include staff pay, benefits, and operating expenses.
- 2) External costs include statewide pro rata.
- 3) CY 2024-25 & BY 2025-26 assumes workload and revenue projections.
- 4) CY 2024-25 assumes board expenditures is final Governor's budget with no savings and BY 2025-26 assumes a 3.5% increase in board expenditures over current year budget.



Construction Management Education Account (CMEA) Fund Condition

Below is the CMEA fund condition, which shows the final fiscal year (FY) 2023-24 reserve of \$533,000, along with the projected reversion amounts for current year (CY) 2024-25 through budget year (BY) 2025-26:

<i>(Dollars in thousands)</i>	Final FY 2023-24	Projected CY 2024-25	Projected BY 2025-26
Beginning Balance	\$ 533	\$ 510	\$ 483
Prior Year Adjustment	\$0	\$0	\$0
Adjusted Beginning Balance	\$ 533	\$ 510	\$ 483
Revenues and Transfers			
Revenue	\$216	\$212	\$212
Totals, Resources	\$ 749	\$ 722	\$ 695
Expenditures			
Disbursements:			
Program Expenditures (State Operations)	\$14	\$14	\$14
Local Assistance Grant Disbursements	\$225	\$225	\$225
Total Expenditures	\$ 239	\$ 239	\$ 239
Fund Balance			
Reserve for economic uncertainties	\$ 510	\$ 483	\$ 456

Notes:

- 1) Projected CY 2024-25 and ongoing includes increasing grants based on projected approved CMEA annual augmentation.
- 2) Program Expenditures are costs to administer the fund.

CSLB Proposed Budget Change Proposals (BCPs) for FY 2025-26

CSLB has submitted two budget change proposals (BCPs) for the Enforcement Division. The Department of Finance has approved the proposals, which are currently undergoing Legislative budget hearings scheduled for April for consideration as part of the FY 2025-26 Budget Act. The BCPs are outlined as follows:

1. **BCP for the Multiple Offender Unit (MOU) within the Enforcement, Case Management Unit:** This proposal requests funding for 4.0 permanent positions (1.0 Supervising Special Investigator & 3.0 Special Investigators) to support the unit’s operations.
2. **Legislative BCP for AB 2622 (Increasing Minor Work Exemption) under Enforcement, SWIFT Unit:** This proposal requests funding for 2.0 permanent Special Investigator positions to address the increased workload resulting from the mandates outlined in the bill.



CONTRACTORS STATE LICENSE BOARD

STATISTICS SUMMARY

Statistics Summary

All Applications Received

Month	2021-22	2022-23	2023-24	2024-25
July	4,479	3,749	3,794	4,449
August	3,527	5,926	4,511	4,362
September	3,398	5,094	3,920	4,307
October	3,909	4,640	4,324	4,369
November	2,958	3,683	4,002	3,589
December	4,687	3,523	3,911	3,860
January	4,634	4,116	4,365	4,317
Total	27,592	30,731	28,827	29,253

% Change from Prior FY 1.5%

Original Applications Received (includes exam and waivers)

Month	2021-22	2022-23	2023-24	2024-25
July	1,782	1,779	1,973	2,457
August	1,138	2,235	2,289	2,444
September	1,153	1,767	2,084	2,321
October	1,311	2,126	2,256	2,520
November	1,020	1,517	2,023	2,070
December	2,544	1,601	2,108	2,193
January	1,965	1,959	2,292	2,378
Total	10,913	12,984	15,025	16,383

% Change from Prior FY 9.0%
% of Apps Rcvd are Original Apps 56.0%

Original Licenses Issued

Month	2021-22	2022-23	2023-24	2024-25
July	1,650	1,571	1,350	1,658
August	1,760	1,408	1,937	1,574
September	1,516	1,375	1,473	1,477
October	1,438	1,278	1,663	1,611
November	1,339	1,050	1,441	1,359
December	1,418	1,128	1,379	1,607
January	1,413	1,035	1,569	1,453
Total	10,534	8,845	10,812	10,739

% Change from Prior FY -0.7%



Licenses Renewed *(Peak renewal years notated in red)*

Month	2021-22	2022-23	2023-24	2024-25
July	7,232	10,339	10,042	11,360
August	11,805	10,445	10,269	10,226
September	10,443	9,784	8,809	8,851
October	8,112	9,029	9,576	10,159
November	8,737	8,680	8,665	8,120
December	10,694	8,335	9,025	8,787
January	7,979	9,984	9,804	9,761
Total	65,002	66,596	66,190	67,264

% Change from Peak FY 2022-23 1.0%

% Change from Non-Peak FY 2023-24 1.6%

Original HIS Registrations Issued

Month	2021-22	2022-23	2023-24	2024-25
July	533	693	701	664
August	742	830	578	622
September	677	821	691	591
October	722	779	828	517
November	513	754	650	583
December	519	567	665	541
January	467	864	661	410
Total	4,173	5,308	4,774	3,928

% Change from Prior FY -17.7%

HIS Registrations Renewed

Month	2021-22	2022-23	2023-24	2024-25
July	541	551	578	634
August	588	596	703	717
September	566	602	598	702
October	571	576	668	633
November	538	529	547	563
December	571	483	530	558
January	440	591	650	658
Total	3,815	3,928	4,274	4,465

% Change from Prior FY 4.5%



License Population by Status

Status	Feb. 1, 2022	Feb. 1, 2023	Feb. 1, 2024	Feb. 1, 2025
Active	233,736	236,198	237,741	240,316
Inactive	51,391	48,932	47,453	45,197
Total	285,127	285,130	285,194	285,513

% Change from Prior FY 0.1%

HIS Registration Population by Status

Status	Feb. 1, 2022	Feb. 1, 2023	Feb. 1, 2024	Feb. 1, 2025
Active	23,975	27,355	29,921	30,220

% Change from Prior FY 1.0%

Complaints By Fiscal Year

Complaints	2020-21	2021-22	2022-23	2023-24
Received	16,551	19,158	21,158	19,746
Reopened	1,058	1,231	1,578	1,479
Closed	16,851	19,397	22,181	21,503
Pending (As of June 30)	4,716	5,747	6,361	6,142

AGENDA ITEM E-4

Administration Update





Administration Update Regarding Personnel

Personnel Unit

Transactions

During the second quarter of fiscal year 2024-25 (October 1, 2024-December 31, 2024), CSLB Personnel staff completed 19 personnel transactions. This included the addition of two employees from other state agencies and four employees new to state service. Within CSLB, there were seven promotions and five transfer appointments. In addition, one retired annuitant was hired.

Total Number of Personnel Transactions Per Quarter – FY 2024-25

Recruitment Type	Quarter 1 <i>July-Sep</i>	Quarter 2 <i>Oct-Dec</i>	Quarter 3 <i>Jan-March</i>	Quarter 4 <i>April-June</i>
From other State Agencies	12	2	---	---
New to State Service	19	4	---	---
Student Assistants	1	0	---	---
Retired Annuitants	2	1	---	---
Promotions	6	7	---	---
Transfers within CSLB	7	5	---	---
Training and Development	0	0	---	---
Total Per Quarter	47	19	---	---

Total Number of Personnel Transactions Per Quarter – FY 2023-24

Recruitment Type	Quarter 1 <i>July-Sept</i>	Quarter 2 <i>Oct-Dec</i>	Quarter 3 <i>Jan-March</i>	Quarter 4 <i>April-June</i>
From other State Agencies	10	5	4	11
New to State Service	3	7	6	11
Student Assistants	3	0	0	1
Retired Annuitants	1	1	0	0
Promotions	9	7	37	5
Transfers within CSLB	4	6	5	5
Training and Development	0	0	0	0
Total Per Quarter	30	26	52	33



Vacancies

CSLB averaged 25 vacancies out of 425 authorized positions during the first two quarters of fiscal year 2024-25 (July 1, 2024-December 31, 2024), which is a 6 percent vacancy rate. The Personnel Unit continuously works with CSLB hiring managers and the Department of Consumer Affairs’ Office of Human Resources to identify and minimize any delays in recruitment for key positions.

Average Monthly Vacancies by Fiscal Year

Fiscal Year	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2024-25	26	22	23	23	24	30	30	---	---	---	---	---
2023-24	38	36	32	30	30	35	38	42	41	37	36	34
2022-23	52	51	54	48	46	44	46	45	45	43	41	40
2021-22	43	45	49	52	51	45	47	50	47	44	46	42

CSLB Career Consulting

CSLB Personnel hosted the second part of a two-session Career Consulting class for employees on December 12, 2024, which 35 CSLB employees attended. This class focused on preparing for an interview and interview tips. Staff are currently developing a third class focusing on “Best Hiring Practices” intended for all CSLB Managers and Supervisors.

Employee Recruitment

CSLB Personnel Manager, Alex Christian, and CSLB HR Analyst, Melissa Zakem, attended DCA’s Career Fair in Sacramento on January 29, 2025. Approximately 150 job seekers visited the CSLB table.

CSLB will continue to work with DCA, the California Department of Human Resources (CalHR) and other organizations to partner and participate in future career fairs statewide.

Examinations

The majority of examinations are now done online through CalHR at <https://jobs.ca.gov/>. Listed below are the CSLB classifications with examinations administered by DCA.

ADMINISTERED BY DCA	STATUS	DATE
Office Services Supervisor II	Effective date of last exam:	December 2024
	Effective date of next exam:	June 2024
Supervising Special Investigator II (Non-Peace Officer)	Effective date of last exam:	December 2024
	Effective date of next exam:	June 2025



Administration Update Regarding Facilities, Contracts, and Training

Facilities

- **West Covina:** The lease extension is through December 31, 2026. Tenant improvements will be completed as part of this lease renewal.
- **Norwalk:** The lease extension is through October 31, 2025. Tenant improvements will be completed as part of this lease renewal.
- **Redding:** The lease renewal is in process.
- **Fresno:** The lease renewal is in progress with the request to have a space reduction to eliminate the test center. Tenant improvements will be a part of the space reduction project.
- **San Bernardino:** The lease has been renewed. The lessor offered to install the EV charging stations at their cost outside of the lease renewal/tenant improvement project.
- **Oxnard:** The lease renewal is in progress with the request to have a space reduction to eliminate the test center. Tenant improvements will be a part of the space reduction project.

Contracts in process:

- The following contracts are being processed by the DCA Business Services Office (BSO):
 - 2025 CSLB Law Book contract

Enforcement Unlicensed Practice and Staffing Requirement Study

- The initial Request for Proposal (RFP) to evaluate the resources to address unlicensed practice in California and unlawful construction activity in declared disaster areas did not result in any responsive bids by the final filing date of November 27, 2023.
- On December 13, 2023, the Board approved a motion to increase the amount of available funds for this project from \$75,000 to \$200,000. During the process of reposting the RFP, the Department of Finance Budget Letter 23-27 was released, requiring state agencies to justify why any proposed expense is mission critical. Staff submitted the request to the department in May 2024, and subsequently, developed a Scope of Work and Deliverables for the department's review on July 9, 2024. After another meeting between CSLB and DCA, on September 24, 2024, it was agreed CSLB would seek a different approach, by considering an interagency agreement with a University.
- On November 18, 2024, CSLB and California State University, Sacramento, agreed upon a scope of work and estimated cost within board approved guidelines.
- The final scope of work and cost was approved by the board and California State University Sacramento. The contract was sent over as an expedite and was



submitted to the Department of Consumer Affairs for processing on January 21, 2025. The contract is anticipated to be signed in March 2025, with the study anticipated to be completed by December 2025.

Executed contracts:

- CalHR contract for psychological screening services for peace officers has been renewed for FY 24/25.
- An amendment was included in the Arbitration Mediation Conciliation Center contract for arbitration services for an additional two years. The contract expires November 30, 2026.
- Caltrans Norwalk parking contract is an agreement between Caltrans and CSLB for overnight use, onsite parking services for one Caltrans vehicle. The contract expires December 31, 2025, and is at no cost.
- Wavelength Automation – Capitol Track contract is a legislative bill tracking subscription. The contract expires December 31, 2025.

Training

- 2024 was a required year for all managers and supervisors to take 20 hours of mandatory leadership training. CSLB Business Services sent an announcement to all affected managers and supervisors of the requirement to take training, which was completed by CSLB supervisors and managers.

AGENDA ITEM E-5

Information Technology Update





Information Technology Update

Business Modernization Update: Enterprise Content Management System

CSLB's Enterprise Content Management (ECM) initiative is the replacement solution for CSLB's IWAS (Image Workflow Automation System) application. This solution is built on Box's cloud-based platform and has continued to progress toward its planned go-live date in April 2025. The team has successfully implemented security measures such as role-based access controls, ensuring users have the appropriate permissions to view and manage documents, and established a comprehensive data governance framework to protect sensitive information. Document migration has also been a primary focus, with nearly 24 million files transferred from the legacy system to the new ECM platform. Throughout this process, strict quality checks have been conducted to maintain data integrity and uninterrupted accessibility.

System integrations have advanced smoothly, with pilot testing confirming secure data flow and seamless functionality across core CSLB systems. Key processes, including document approvals, have been automated to reduce manual effort and improve workflow efficiency. Targeted training sessions are helping staff become comfortable with tasks such as document uploading, sharing, and collaboration, while feedback from these sessions drives ongoing refinements to enhance user experience. The project also concluded its User Acceptance Testing in March 2025, verifying system performance and ensuring the platform meets the needs of stakeholders.

Looking ahead, advanced features such as customized templates and refined search capabilities will be introduced gradually to minimize disruption and support a smooth transition. A formal performance review will be conducted to identify any remaining gaps prior to the final launch. With full implementation expected in April 2025, the project remains on track, and the CSLB IT team is dedicated to ensuring a successful deployment that will bolster CSLB's operational efficiency and enhance service delivery.

Department of Military Cybersecurity Assessment Completion

CSLB is pleased to report that the Department of Military Cybersecurity Assessment was completed in February 2025. The assessment confirmed CSLB current cybersecurity measures are strong and provided valuable insights for further enhancement. Overall, the feedback was highly positive, reinforcing that CSLB's established processes and controls are effectively protecting systems and data.

Following the assessment, CSLB is now developing a comprehensive Plan of Action & Milestones (POAM). This document will outline the specific steps needed to address any opportunities for improvement identified during the assessment. By systematically tracking and implementing these action items, CSLB will ensure it continues to strengthen its cybersecurity posture, minimize risks, and maintain the trust of all stakeholders.

AGENDA ITEM F

Legislation



AGENDA ITEM F-1

Update and Discussion of 2025-2027 Legislative Strategic Plan Objectives

- a. 3.1 Improve communication to legislators to convey CSLB's mission and stress the importance of licensure.



AGENDA ITEM F-2

Update and Discussion Regarding Additional Provision to 2025 Proposed Non-substantive Updates to Contractors State License Law

- a. Clarifying when industry expert reimbursement costs are due





2a. Update and Discussion Regarding Additional Provision to 2025 Proposed Non-substantive Updates to Contractors State License Law

At its December 12, 2024, board meeting, the Contractors State License Board (CSLB) approved a proposal to submit non-substantive amendments to the Senate Business, Professions and Economic Development Committee (BPED) for inclusion in its annual “omnibus” proposal.

Specifically, the Board approved amendments to: 1) clarify that a violation of advertising requirements for motor vehicles registered with CSLB may be cause for discipline; 2) clarify that reimbursement by a licensee subject to a workmanship complaint resulting in a letter of admonishment or a citation is not due until the citation or letter of admonishment is final; 3) clarify that holders of an “inactive” license status are not required to have a certificate of workers’ compensation insurance on file with CSLB as a condition of licensure; and 4) correct a mis-lettered cross-reference in the definition of “home improvement salesperson.”

After the meeting had taken place, staff determined another amendment related to the reimbursement for a workmanship complaint was appropriate. Specifically, the Board’s recent sunset legislation (SB 1455, Chapter 485, Statutes of 2024) states, “(iii) The full amount of the assessed fee shall be added to the fee for the active or inactive renewal of a licensee who is subject to his subparagraph. A license shall not be renewed without payment of the renewal fee and all fees for the investigation or inspection and report pursuant to this subparagraph.” In practice, the fee amount would accompany the letter of reprimand or come shortly thereafter, and staff would not wait until the renewal to notify the licensee of the amount they must pay before the license can be renewed. Further adding the fee to the renewal would take additional IT programming and staff resources to change internal renewal processes. Accordingly, staff proposed the above underlined sentence be stricken.

Pursuant to the Board’s procedural manual, Legislative Committee Chair Joel Barton approved the submission of the additional amendment, provided notice would be given to the Board. The procedure manual states, “*In the event that time constraints preclude Board action, the Board delegates to the Chair of the Legislative Committee for the authority to take action on legislation that would change Contractors State License Law that impacts a previously established Board policy or affects the public’s health, safety, or welfare. Prior to taking a position on legislation, the Registrar shall consult with the Chair of the Legislative Committee. The Board shall be notified of such action as soon as possible.*”

This additional amendment was included in the omnibus submission to Senate BPED on January 14, 2025. Senate BPED has not yet introduced its omnibus measure, as committee-authored bills do not follow the same deadlines as regular bills.

This agenda item is intended for informational purposes. The Board is not being asked to take any action at this time.

AGENDA ITEM F-3

Review, Discussion and Possible Action on 2025 Legislation

- a. Board-Sponsored Legislation:
 1. AB 521 (Carrillo) Clarify CSLB is not responsible for legal fees on civil claim against licensee cash deposit.
 2. AB 559 (Berman) Update definitions and penalties for accessory dwelling unit construction and contractors accepting money in advance of work performed / materials delivered.
 3. SB 291 (Grayson) Authorize contractors meeting specified criteria to file exemptions from workers' compensation.
 4. SB 779 (Archuleta) Increase minimum civil penalties on citations.
- b. Other Legislation:
 1. AB 476 (Gonzalez) Would require CSLB to license "junk dealers."
 2. AB 1327 (Aguiar-Curry) Allow consumers to cancel a home improvement contract via email or telephone.
 3. AB 1002 (Gabriel) (spot bill at time of agenda publication) Contractors: failure to pay wages: discipline.
 4. SB 641 (Ashby) Urgency bill to clarify license classifications for disaster debris removal.
 5. SB 784 (Durazo) Increase consumer protections for consumers securing financing for residential home improvement.





Review, Discussion, and Possible Action on 2025-26 Pending Legislation

a1. **[Assembly Bill 521](#) (Carrillo) – Contractors State License Board: bond deposits: liability for legal fees and costs.**

STATUS (as of February 25, 2025): Pending the Assembly Business and Professions Committee. Double referred to the Assembly Judiciary Committee.

SPONSOR: Contractors State License Board (CSLB)

SUBJECT: Bond deposits: liability for legal fees and costs.

CODE SECTION(S): Business and Professions Code (BPC) section 7071.4

SUMMARY: AB 521 expressly provides that CSLB is not liable for attorney fees in civil claims involving a contractor's cash deposit in lieu of a license bond.

EXISTING LAW: Existing law requires licensees to maintain a licensing bond executed by an admitted surety insurer or in the form of a cash deposit with CSLB.

COMMENT/ANALYSIS: As a requirement for licensure, contractors must maintain a contractor's bond for the benefit of consumers, employees, or other contractors who may be damaged as a result of defective construction or from other Contractors State License Law (Contractors Law) violations. Most licensees secure a bond through an admitted surety insurer (surety company) to meet this requirement. However, Contractors Law also allows contractors who do not want to or cannot use a surety company for their required license bond to make a cash deposit (in the form of a cashier's check) to CSLB instead.

BPC section 7071.4 prohibits CSLB from releasing any portion of the deposit for any purpose unless directed by the court. In these instances, CSLB is named as a co-defendant in civil cases involving claims against the cash deposit, which is a necessary step for a consumer to make a claim against a cash deposit held by CSLB. When a contractor commits an act that exposes their cash deposit to payout, CSLB must wait for instruction from the court on the disposition of any funds from the cash deposit (pursuant to BPC 7071.4).

A recent California Appellate Court decision, *Karton v. Ari Design & Construction*, found that surety bond companies holding licensed contractor bonds may be ordered to pay attorney fees for the litigating parties when the surety company delays in releasing the bond in civil litigation. Private attorneys have attempted to argue CSLB might be treated as a "surety" when holding a deposit for a contractor until litigation is complete. As a result, the decision exposes CSLB to paying legal fees to defend itself in civil litigations and potential liability for attorney fees in civil cases where CSLB holds a cash deposit



There are approximately 300 cash deposits on file for which CSLB could be held liable for attorney fees in cases in which CSLB is simply complying with the law by awaiting disposition instruction from the court. CSLB should not be responsible for attorney fees for holding a cash deposit because CSLB is not a surety company, does not issue bonds or make profit on bonds, and has no discretion to release cash deposits without an order from the court. CSLB's only role in these cases is to make the cash deposit bond funds available when the court directs CSLB to dispense the funds to an injured party.

PREVIOUS LEGISLATION: AB 3126 (Chapter 925, Statutes of 2018) removed all alternatives in lieu of a security bond, but purposefully preserved the cash deposit option. The Legislature affirmed its intent to leave the cash deposit in lieu of a security bond as an option for licensees as its removal may have created an unintended barrier to licensure.

FISCAL IMPACT: Pending. The costs to implement this proposal are likely absorbable within current resources.

STAFF RECOMMENDATION: None. The Board voted to sponsor this bill at its quarterly board meeting on December 12, 2024.



Review, Discussion, and Possible Action on 2025-26 Pending Legislation

a2. **Assembly Bill 559 (Berman) – Contractors: home improvement contracts: prohibited business practices.**

LOCATION (as of February 25, 2025): Pending referral by the Assembly Rules Committee.

SPONSOR: Contractors State License Board (CSLB)

SUBJECT: Home improvement contracts: Accessory dwelling units (ADUs)

CODE SECTION(S): Business and Professions Code (BPC) sections 7151 and 7159.5.

SUMMARY: AB 559 would add accessory dwelling units (ADUs) to the definition of “home improvement” in Contractors State License Law (Contractors Law) and specify that individuals (licensed and non-licensed) who violate progress payment provisions causing financial harm to their customers are subject to a \$10,000 fine and possible license revocation.

EXISTING LAW: Contractors Law defines “home improvement” as repairing, remodeling, altering, converting or modernizing, or adding to a residential property, as well as the reconstruction, restoration or rebuilding of a residential property damaged or destroyed by a natural disaster. “Home improvement” includes (but is not limited to) the construction, erection, installation, replacement or improvement of driveways, swimming pools, terraces, patios, awning, solar energy systems, garages, basements and other improvements of the structures or land adjacent to a dwelling home. Contractors Law also defines a “home improvement contract” as an agreement between a contractor and a homeowner or tenant for the performance of home improvement.

Contractors Law prohibits contractors from requesting or accepting a down payment exceeding \$1,000 or 10 percent of the contract price (whichever is lower) or requesting or accepting payments that exceed the value of the work performed or materials delivered.

COMMENT/ANALYSIS: With the demand for the construction of ADUs rising in recent years, CSLB has received a significant increase in the number of consumer-filed complaints against contractors for failing to complete ADU construction projects. Most of the complaints allege considerable consumer financial harm because the contractor abandoned the project after requesting and accepting payment for work that was not completed and materials that were not delivered.

ADUs are not expressly named as “home improvement” in Contractors Law and there is industry confusion if ADUs are considered new construction or home improvement.



While ADUs are not expressly mentioned in Contractors Law, they are defined in the Government Code (as home improvement) because they are attached or detached residential dwelling unit providing complete independent living on a lot with a proposed or existing primary residence. For permit and tax assessment purposes, many building departments consider ADUs as new construction.

SB 559 would address and resolve this confusion by including ADUs in the definition of home improvement. By adding ADUs to the definition of home improvement, this bill ensures contractors are required to adhere to the same “progress payment” rules they are subject to for other home improvement projects.

Contractors are prohibited from charging a down payment of more than \$1,000 or 10 percent of a home improvement contract, whichever is less. Contractors can establish a payment schedule for the balance of what they are owed but are prohibited from requesting or accepting payments that exceed the value of the work performed or material delivered. These payment requirements are generally referred to as “progress payments.”

Further, payment provision violations are commonly found during the Board’s investigative work, indicating current civil penalties are an insufficient deterrent. This bill provides that individuals who violate progress payment rules resulting in a financial loss to the consumer of 10 percent or more of the contract price are subject to a civil penalty of \$10,000 minimum.

Given that ADUs may help alleviate California’s ongoing housing crisis, the popularity and demand for ADUs are expected to rise. It is critical that Contractors Law be updated to discourage predatory activity by contractors seeking to take advantage of increased consumer demand. Expanding the definition of home improvement to include ADUs and strengthening existing civil penalties for progress payment violations would discourage would-be offenders from taking excessive payments or failing to deliver the work or materials outlined in their contract. This bill strengthens existing consumer protections while posing no burden to law-abiding contractors.

PREVIOUS LEGISLATION: SB 601 (McGuire, Chapter 403, Statutes of 2023) requires courts to assess the maximum civil penalty for specified home improvement contract violations in declared disaster areas.

SB 757 (Chapter 249, Statutes of 2021) updates the definition of “home improvement” to include solar energy systems when installed on a residential building or property for the purposes of the home improvement contract requirements.

FISCAL IMPACT: Pending. The costs to implement this bill are likely absorbable within current resources.



CSLB

REVIEW OF 2025-26 PENDING LEGISLATION

STAFF RECOMMENDATION: None. The Board voted to sponsor this bill at its quarterly board meeting on December 12, 2024.



Review, Discussion, and Possible Action on 2025-26 Pending Legislation

a3. [Senate Bill 291](#) (Grayson) – Contractors: workers' compensation insurance.

STATUS (as of February 25, 2025): Pending the Senate Business, Professions and Economic Development Committee. Double referred to the Senate Judiciary Committee.

SPONSOR: Contractors State License Board (CSLB)

SUBJECT: Workers' Compensation Insurance

CODE SECTION(S): Business and Professions Code (BPC) sections 7125, 7125.4, and 7125.5

SUMMARY: Commencing January 1, 2027, this bill would allow licensees to file an exemption from workers' compensation (WC) insurance requirements if they do not have employees and would establish steep penalties for violations of WC requirements. Specifically, SB 291 would:

- 1) Allow licensees, except those holding a C-39 Roofing classification, to file a certificate of exemption (exemption) from WC with CSLB provided they do not have employees, do not undertake construction projects valued over \$2,000 for labor and materials, and have not been previously cited or disciplined by CSLB for failure to maintain a certificate of WC insurance.
- 2) Requires CSLB to periodically review and consult with the Legislature to amend or adopt regulations to update the construction project value for labor and materials to account for inflation.
- 3) Authorizes CSLB to issue a minimum civil penalty of \$10,000 per violation for any sole owner licensee found to have employed workers without maintaining WC coverage and \$20,000 per violation for any partnership, corporation, limited liability company, or tribal business licensee found to have employed workers without maintaining WC coverage.
- 4) Limits civil penalties for violating WC requirements to \$30,000 per occurrence.
- 5) Prohibits CSLB from renewing or reinstating a license in violation of WC requirements until the applicant or licensee provides a current and valid WC certificate.
- 6) Requires licensees with an exemption on file with CSLB to either recertify their exemption or provide a current WC certificate at the time of renewal.



- 7) Requires CSLB to develop an open book examination to coincide with the renewal process that includes questions regarding WC laws and regulations and requires licensees to answer those questions correctly and acknowledge that they understand the penalties for violations of WC requirements.

EXISTING LAW: Pursuant to BPC Section 7125, a contractor must have a certificate of WC insurance or an exemption on file with CSLB at all times as a condition of licensure. On and after January 1, 2028, all licensees, regardless of classification or whether they have employees, will be required to hold WC insurance and exemptions will no longer be permitted.

COMMENT/ANALYSIS: Requiring WC for all licensees, whether they have employees or not, has raised concerns regarding increased costs for licensees who do not have employees and derive no benefit from carrying WC insurance. Further, some licensed contractors may decide to let their licenses lapse rather than pay for WC insurance, therefore opting to operate underground and potentially increasing the possibility for consumer harm. However, CSLB's enforcement actions reveal that many licensees with an exemption from WC insurance on file do indeed have workers, suggesting a significant number of licensees are circumventing WC requirements by falsely claiming an exemption. Availing oneself of a WC exemption when one does not qualify for the WC exemption puts workers at risk and creates an unfair business advantage.

SB 291 would allow a narrow exemption from WC insurance requirements for licensees who do not have employees, while deterring licensees from misrepresenting whether they have employees due to significant penalties for violations. It maintains the requirement for C-39 Roofers to carry WC insurance at all times and preserves WC insurance requirements under most circumstances so workers can avail themselves of benefits when they are injured or sickened on the job. This bill also requires CSLB to develop and administer an open book examination coinciding with each licensure renewal so licensees are reminded of WC requirements and can understand the significant penalties associated with falsely claiming an exemption.

In addition to easing financial burdens for licensees and potential barriers to licensure, this bill may prevent a loss in revenue and increased workload when the WC for all requirement goes into effect in 2028. A fee study conducted in 2020 by CSLB determined that sole owners make up 60 percent of CSLB's licensing population. CSLB anticipates a potential decrease of approximately 10 percent or \$8 million in renewal revenue due to contractors choosing not to renew their licenses rather than obtain WC insurance. Further, once the requirement for all licensees to carry WC insurance is in effect, CSLB will need additional staff to handle the increased workload from the filing of WC certificates, adding to CSLB's expenditure levels. WC insurance certificates must be reviewed for accuracy and are often returned for corrections. Additionally, when WC certificates expire or are canceled, CSLB must notify the licensee before suspending the license.



On balance, processing exemptions is less labor intensive. Most WC insurance exemptions are handled electronically, whereas WC insurance certificates require staff review, possible correction, expiration or cancellation notification to the licensee, and possible license suspension and reinstatement. Currently, 118,000 or 49 percent of licensed contractors have an exemption on file. Staffing resources to handle 118,000 WC insurance certificates are far greater than staff resources needed to handle 118,000 exemption forms.

PREVIOUS LEGISLATION:

[SB 216](#) (Chapter 978, Statutes of 2022) required WC insurance for four additional classifications (it was already required for roofing) and requires WC insurance for all licensees starting January 1, 2026.

[SB 1455](#) (Chapter 485, Statutes of 2024) delayed the requirement for all licensees to hold WC insurance to January 1, 2028, and directed CSLB to establish a process for verifying eligibility for an exemption to WC insurance requirements in response to concerns regarding WC for all licensees. To comply with SB 1455, CSLB held a stakeholder meeting with industry representatives in November 2024. The narrow exemption to WC requirements provided in SB 291 is a result of that stakeholder meeting.

FISCAL IMPACT: CSLB staff anticipate one-time costs in licensing and IT workload totaling approximately \$240,000 using existing resources.

STAFF RECOMMENDATION: None. The Board voted to sponsor this bill at its quarterly board meeting on December 12, 2024.



Review, Discussion, and Possible Action on 2025-26 Pending Legislation

a4. [Senate Bill 779](#) (Archuleta) Contractors: civil penalties.

STATUS (as of February 25, 2025): Pending referral to the Senate Business, Professions and Economic Development Committee.

SPONSOR: Contractors State License Board (CSLB)

SUBJECT: Raising Enforcement Fine Minimums

CODE SECTION(S): Business and Professions Code (BPC) sections 7028.7 and 7099.2.

SUMMARY: This bill establishes civil penalty (aka enforcement fine) minimum amounts commensurate with recent statutory maximum increases and requires future increases to minimum enforcement fine amounts based on increases to the Consumer Price Index (CPI) every five years.

EXISTING LAW: Existing law establishes the following minimum and maximum enforcement fine amounts:

- BPC 7028.7 – Unlicensed activity – \$200 minimum/\$15,000 maximum
- BPC 7099.2 – General violations of Contractors State License Law (Contractors Law) – No minimum, \$8,000 maximum
- BPC 7110 – Disregard for building laws – No minimum, \$30,000 maximum
- BPC 7114 – Aiding/abetting unlicensed activity – No minimum, \$30,000
- BPC 7118 – Working without a license – No minimum, \$30,000 maximum
- BPC 7125.4 – Workers’ compensation violations – No minimum, \$30,000 maximum

COMMENT/ANALYSIS: When an investigation shows a licensee has violated Contractors Law, but disciplinary action (i.e. license revocation) is not warranted, CSLB often issues a citation. CSLB may also issue a citation to individuals for unlicensed activity. Citations include a civil penalty of up to \$30,000, an order of correction, and can include an order of restitution to the financially injured party. Citations are disclosed to the public from the date of issuance and for five years after compliance. Disclosure can be longer if the licensee is subject to any other disciplinary action during that five-year period.

While CSLB’s “maximum” enforcement fine amounts are clearly established in statute, “minimum” enforcement fines are non-existent in statute or (in the case of citing for unlicensed practice) exceedingly low when compared to the “maximum” amount (\$200 versus \$15,000). This results in administrative law judges (ALJs) frequently and significantly reducing enforcement fines during citation appeals creating substantial



disparities in the final fine amount issued compared to the “maximum” enforcement fines provided by law. These reductions result in fines that are not commensurate with the violation, do not adequately support Enforcement Division workload, do not provide an incentive to comply with the Contractors Law, and provide minimal ability for the Board to recuperate the cost of litigating an administrative citation.

The Legislature has increased maximum fines in statute for specified violations (for example from \$5,000 to \$8,000 and from \$15,000 to \$30,000 for specified violations) several times in the last few years. But each time this was done, no minimum amount was set in statute and the minimum fines set forth in regulation remained unchanged. As a result, an ALJ must consider a wide range of potential fines between an out-of-date minimum in regulation (for example, \$200) and an updated statutory maximum (for example, \$8,000 or \$30,000 for some violations), which often results in greatly reduced fine compared to the originally assessed amount. This is contrary to CSLB’s consumer protection mandate and confounds legislative intent that reflects the seriousness of the violations.

This bill would establish statutory minimum fines (shown in the chart below) that better reflect the egregiousness of the violation, even if the fine is later reduced. This bill would also provide that minimum enforcement fine amounts be adjusted every five years in line with the CPI.

Code Section	Current minimum civil penalty	Current maximum civil penalty	New minimum civil penalty
BPC 7028.7 – Unlicensed activity	\$200*	\$15,000	\$1,500
BPC 7099.2 – General	None	\$8,000	\$500
BPC 7099.2 – BPC 7110 (Disregard for Building Laws), BPC 7114 (Aiding/abetting unlicensed activity), BPC 7118 (Working w/o a license) and BPC 7125.4 (Workers Comp violations)	None	\$30,000	\$3,000

*The \$200 minimum was established in 1990 by SB 1079 and has not been updated since.

PREVIOUS LEGISLATION: AB 1747 (Chapter 757, Statutes of 2022) authorizes the CSLB to assess a civil penalty up to \$30,000 for the willful or deliberate disregard of the various state building, labor and safety laws.

AB 569 (Chapter 94, Statutes of 2021) increased the maximum civil penalty for general violations of Contractors Law from \$5,000 to \$8,000 and increased the maximum civil



penalty from \$15,000 to \$30,000 for violations related to aiding and abetting an unlicensed person, entering into a contract with an unlicensed person, or filing false workers' compensation materials.

SB 1079 (Chapter 774, Statutes of 1990) established a \$200 minimum civil penalty for unlicensed activity.

FISCAL IMPACT: Pending. The costs to implement this bill are likely absorbable within current resources. Increasing fine minimum amounts may result in indeterminate additional revenue to CSLB to support its enforcement efforts.

STAFF RECOMMENDATION: None. The Board voted to sponsor this bill at its quarterly board meeting on December 12, 2024.



Review, Discussion, and Possible Action on 2025-26 Pending Legislation

b1. [Assembly Bill 476](#) (González) – Junk dealers and recyclers: nonferrous metals.

STATUS (as of February 27, 2025): Pending the Assembly Business and Professions Committee.

SPONSOR: League of California Cities, City of San Jose, and Los Angeles Cleantech Incubator.

SUBJECT: Junk dealers and recyclers: nonferrous metals.

CODE SECTION(S): Business and Professions Code (BPC) sections 21606 and 21611.

SUMMARY: AB 476 would expand existing requirements on the purchase of nonferrous metals by junk dealers and require the Contractors State License Board (CSLB) to license scrap metal copper sellers (copper sellers). Specifically, this bill:

- 1) Requires junk dealers and recyclers to determine proof of ownership prior to purchasing any nonferrous metals from a seller including a contractor's license.
- 2) Requires CSLB to license copper sellers provided they apply for licensure, acknowledge they have obtained the copper by lawful means in the regular course of construction work, and pay a non-refundable application fee of up to \$500.
- 3) Requires CSLB to process copper seller applications within 30 days and issue a license or a license denial within 90 days.
- 4) Provides that existing licensed contractors are not required to be licensed as a copper seller to sell scrap metal copper.
- 5) Provides that a copper seller license is valid for one year and establishes a renewal fee up to \$500 and a delinquent fee up to \$750.
- 6) Authorizes the registrar to deny a license renewal for certain reasons, including (but not limited to) engaging in fraudulent activity or if CSLB has received consumer complaints.

EXISTING LAW: Existing law establishes CSLB with the purpose of public protection through the licensure and regulation of the contracting industry. Existing law establishes certain reporting requirements by junk dealers and recyclers.



COMMENT/ANALYSIS: According to the author, “The price of copper is near historic highs and theft is increasing, despite relatively strict state law and efforts of cities’ to ramp up enforcement. Copper theft is not a victimless crime and costs far more to repair and replace the infrastructure than just the actual lost value of the copper itself. Cities like San Jose, Los Angeles, Santa Monica, Richmond, and Fresno have all dealt with copper wire theft and have needed to expend large amounts of resources on enforcement and repairs.”

AB 476 creates an entirely separate license program for copper sellers within CSLB, without adding or enhancing current licensed contracting requirements. This bill also has several drafting issues that would hinder CSLB’s ability to effectively implement a copper seller license program. Most notably, these additions to the Business and Professions Code (BPC) are situated in the laws related to junk dealers and not specifically within the Contractors State License Law (Contractors Law). This placement outside of Contractors Law limits the ability of CSLB to enforce the proposed provisions.

FISCAL IMPACT: Pending. The establishment of a new license type will require substantial upfront allocation of existing resources (to possibly be recovered somewhat by an indeterminate new licensing population) to implement by January 1, 2026.

STAFF RECOMMENDATION: Staff recommend the Board take a “OPPOSE” position. While staff are sympathetic to the plight of local municipalities in dealing with copper theft, it is unclear how the establishment of a new licensing structure under CSLB will prevent the purchase of ill-gotten scrap copper by junk dealers and recyclers.



Review, Discussion, and Possible Action on 2025-26 Pending Legislation

b2. [Assembly Bill 1327](#) (Aguiar-Curry) – Home improvement and home solicitation: right to cancel contracts: notice.

STATUS (as of February 27, 2025): Pending referral to the Assembly Business and Professions Committee.

SPONSOR: Unknown.

SUBJECT: Home improvement and home solicitation: right to cancel contracts: notice.

CODE SECTION(S): Business and Professions Code (BPC) sections 7159 and 7159.3 and 17511.5 and Civil Code sections 1689.6, 1689.7, 1689.20, and 1689.21.

SUMMARY: AB 1327 would require home improvement contracts (HIC) to include the contractor's email address and allow for cancellation of the HIC by the homeowner via email or telephone in lieu of a written notice.

EXISTING LAW: Existing law defines a HIC as an agreement between a contractor and a homeowner or tenant for the performance of home improvement. Existing law requires HICs to contain notices regarding the consumer's right to cancel.

COMMENT/ANALYSIS: HIC requirements are a key provision of Contractors State License Law (Contractors Law) intended to protect consumers. HICs help minimize misunderstandings between consumers and contractors by detailing the scope of the project, the materials used and the costs. HICs are required for projects where labor and materials cost \$500 or more and must contain the contractor's contact information and license number, along with information on how to cancel the contract. Further, HICs must include down payment and progress payment information if applicable and information on mechanics liens. Failure to abide by these requirements is cause for discipline.

This bill would enhance consumer protection by including additional methods in which a consumer can cancel an HIC, including via email and over the telephone.

FISCAL IMPACT: Pending. The costs to implement this bill are likely absorbable within current resources.

STAFF RECOMMENDATION: Staff recommend the Board take a "NEUTRAL" position. This bill would make canceling a HIC less onerous for consumers by allowing for cancellations by email or telephone. However, CSLB staff have concerns that canceling by telephone will not provide a record of the cancellation. Canceling by telephone, rather than by email or text, will put a consumer at a disadvantage should the contractor



CSLB

REVIEW OF 2025-26 PENDING LEGISLATION

deny having received the call.



CONTRACTORS STATE LICENSE BOARD

REVIEW OF 2025-26 PENDING LEGISLATION

Review, Discussion, and Possible Action on 2025-26 Pending Legislation

b3. [Assembly Bill 1002](#) (Gabriel) – Contractors: failure to pay wages: discipline.

STATUS (as of February 28, 2025): Pending referral from the Assembly Rules Committee.

SPONSOR: Unknown.

SUBJECT: Contractors: failure to pay wages: discipline.

SUMMARY: AB 1002 is a “spot” bill that states legislative intent to strengthen remedies against licensed contractors who repeatedly commit labor violations against workers.

COMMENT/ANALYSIS: A “spot” bill is a non-substantive placeholder that will likely be amended with substantive provisions at a later date. Because the topic of AB 1002 is germane to CSLB and its operations and may be substantively amended prior to the March 14, 2025, board meeting (but after the publication of the Board Packet), it has been included on the meeting agenda.

FISCAL IMPACT: Unknown.

STAFF RECOMMENDATION: None. CSLB staff will monitor AB 1002 for amendments and may provide a hard copy to the March 14 Board meeting or place it on a future Board meeting agenda for review.



Review, Discussion, and Possible Action on 2025-26 Pending Legislation

b4. [Senate Bill 641](#) (Ashby) – Department of Consumer Affairs: states of emergency: waivers and exemptions.

STATUS (as of February 27, 2025): Pending referral to the Senate Business, Professions and Economic Development Committee.

SPONSOR: Author

SUBJECT: Department of Consumer Affairs and Contractors State License Board: states of emergency: waivers and exemptions.

CODE SECTION(S): Business and Professions Code (BPC) sections 108.1, 122, 136, 7058.9.

SUMMARY: SB 641 would authorize all programs under the Department of Consumer Affairs (DCA) to waive certain licensing requirements during a declared federal, state, or local emergency and provides specific licensing waiver authority to the Contractors State License Board (CSLB). Specifically, this bill:

1. Authorizes all programs under DCA (including CSLB) to waive applicable laws during a declared federal, state, or local emergency related to:
 - a. Examination eligibility and timing requirements;
 - b. Licensure renewal deadlines;
 - c. Continuing education;
 - d. License display requirements;
 - e. Fee submission and timing requirements; and,
 - f. Delinquency fees.
2. Prohibits DCA programs from charging a duplicate license fee (\$25) to licensees impacted by a declared federal, state, or local emergency or disaster or whose home or business is located in an area for which a federal, state, or local emergency or disaster has been declared.
3. Provides that a contractor shall not engage in debris removal unless the contractor holds an A-General Engineering Contractor, B-General Building Contractor, or C-61 limited specialty classification for debris removal.
4. Authorizes the Registrar to allow other classifications to perform debris removal during a declared emergency or disaster on a case-by-case basis and require hazardous substance certification if applicable.
5. Allows for the implementation of these provisions by CSLB without the promulgation



of regulations.

COMMENT/ANALYSIS: Climate change and extreme weather events are distressingly common and expected to negatively impact California for the foreseeable future. Each natural disaster that strikes California results in CSLB receiving an influx of calls and emails from applicants and licensees anxious to lend their assistance toward recovery efforts. This has especially been true since the Los Angeles wildfires.

In the aftermath of a disaster, safe debris removal and disposal is critical to avoid additional health and environmental problems. SB 641 allows CSLB to determine which licensing classifications have sufficient experience and training to assist in debris removal on a case-by-case basis after a natural disaster. This bill also allows CSLB to safely waive certain licensing requirements to support applicants and licensees during times of crisis. This bill does not mandate CSLB waive any requirements during an emergency, instead it provides CSLB the authority to make the determination if waivers are necessary to hasten recovery efforts. Further, by making clear that regulations are not needed to implement this bill, this bill supports faster recovery for Californians as the regulatory process takes approximately 18 months to complete.

This bill contains an “urgency” clause, meaning it will become law as soon as the Governor signs it (instead of the typical effective date of January 1). Bills with an “urgency” clause require a 2/3 vote for adoption.

SUGGESTED AMENDMENTS: Staff recommend the bill be amended to: 1) remove references to “private” debris removal, as CSLB’s laws do not differentiate between public and private licensing types and classifications; 2) replace the C-61 limited specialty contractor classification with C-12 Earthwork and C-21 Building Moving and Demolition, as these specific classifications can conduct debris removal; 3) remove references to “muck out” as this activity is sufficiently covered by the term “debris removal,” and 4) allow the registrar to require licensees to complete Hazardous Waste Operations and Emergency Response training before performing debris removal.

FISCAL IMPACT: Pending. The costs to implement this bill are likely absorbable within current resources.

STAFF RECOMMENDATION: Staff recommend the Board take a “SUPPORT” position. This bill will allow CSLB to quickly navigate recovery needs after disaster strikes.



Review, Discussion, and Possible Action on 2025-26 Pending Legislation

b5. [Senate Bill 784](#) (Durazo) – Home improvement loans: right to cancel contracts.

STATUS (as of February 28, 2025): Pending referral to the Senate Business, Professions, and Economic Development Committee.

SPONSOR: Unknown.

SUBJECT: Home improvement loans: right to cancel contracts.

CODE SECTION(S): Business and Professions Code (BPC) sections 7159 and Civil Code sections 1689.6, 1689.7, and 1689.13 of, and Title 1.87 (commencing with Section 1799.220).

SUMMARY: SB 784 increases the existing three- and five-day right to cancel in home improvement contracts (HIC) to five and seven days, respectively, for contracts entered into on and after January 1, 2026. This bill also delays a consumer's repayment obligations on home improvement loans until the lender has confirmed that the home improvements, including solar energy systems, have been given final approval by all permitting agencies and are operational. This bill establishes multiple requirements for lenders to abide by when executing a contract for a home improvement loan to pay for a home improvement with a consumer.

EXISTING LAW: The Contractors State License Law provides that a consumer has three days to cancel a home improvement contract unless they are a senior citizen, in which case they have five days.

COMMENT/ANALYSIS: Consumers are vulnerable to unscrupulous actors in the home improvement lending industry. This is particularly true when aggressive marketing and sales tactics are utilized. At times, consumers agree to a home improvement project they may not need or benefit from. These projects may be funded by costly loans with terms that borrowers may not fully understand. Further, lenders sometimes contribute to the problem by working with contractors who utilize predatory practices. Often, when a consumer cannot resolve a dispute with the contractor, the lender simply disclaims any responsibility for resulting financial harm.

This bill enhances consumer protection by extending the three- and five- day cancellation timeline in HICs and by requiring lenders to follow transparent practices when executing a home improvement loan. Notably, this bill prohibits lenders from requiring repayment on home improvement loans before determining whether the project has been completed and is operational. While CSLB does not oversee lenders or lending practices, CSLB receives a significant number of complaints related to home



improvement projects that are incomplete despite loan payments being due. This is particularly true with the financing of solar energy systems, where the increased complaint volume necessitated the formation of a multiple offender unit within CSLB's enforcement division to address misconduct in the solar industry.

FISCAL IMPACT: Pending. The costs to implement this bill are likely absorbable within current resources.

STAFF RECOMMENDATION: Staff recommend the Board take a "SUPPORT" position. This bill addresses issues within the home improvement loan industry and enhances consumer protection.

AGENDA ITEM G

Enforcement



AGENDA ITEM G-1

Update and Discussion of 2025-2027 Enforcement Strategic Plan Objectives

- a. 2.3 Review and strengthen penalties as necessary to ensure they are adequate to deter violations.



AGENDA ITEM G-2

Enforcement Program Update





Enforcement Program Update and Statistical Review

Staff Vacancy Update

There are currently 11 vacancies in the Enforcement Division. Candidates have been selected and are pending approval for five positions. The other six positions are publicly posted or are under review for public posting. The current vacancies are listed below by position classification.

<i>Position Classification</i>	<i>Vacant</i>
Supervising Special Investigator II	1
Supervising Special Investigator I	1
Special Investigator	7
Special Investigator (Peace Officer)	1
Office Technician (Typing)	1
TOTAL	11

Intake and Mediation Center Highlights

CSLB Helps Elderly Homeowner with Solar Complaint

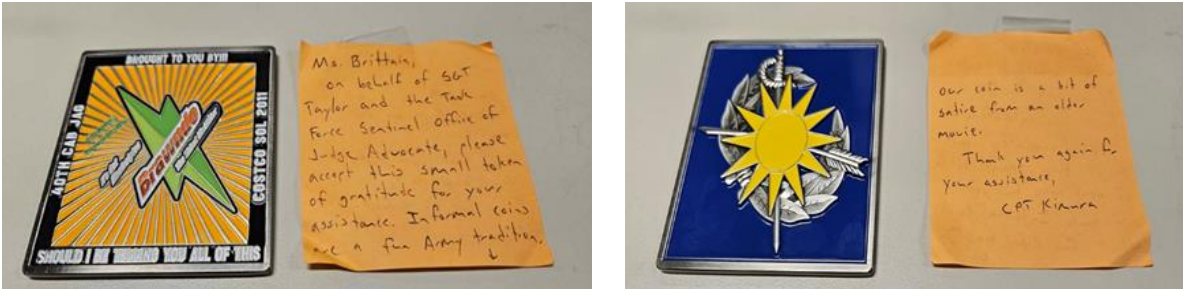
A CSLB Staff Services Analyst (SSA) was able to mediate a solar complaint involving a Daly City elderly homeowner who had a solar system installed at her home. After experiencing several issues with her system, she requested that her contract be canceled, and the system removed. After a few weeks of not receiving a response from the contractor, she filed a CSLB complaint. The analyst was able to mediate a resolution where the contractor removed the panels and canceled the \$61,000 contract balance.

Deployed U.S. Army Sergeant Gets Full Refund with CSLB's Assistance

An SSA assisted a sergeant in the U.S. Army while the sergeant was deployed. A captain from the Judge Advocate General's (JAG) Task Force Sentinel Office contacted CSLB on behalf of the deployed sergeant who would be gone for a year. The contractor had requested and received a \$1,500 deposit but never performed any work. The analyst convinced the contractor to refund the entire deposit.



The sergeant and the JAG office sent the following note and “challenge coins” to the SSA who assisted as a token of their appreciation:



Mediation Produces Large Savings to the Public

An SSA mediated a complaint involving a Northern California homeowner who entered into a solar contract for the installation of solar panels and three battery backups for \$202,058. The panels were installed but not connected to the grid and the batteries could not be installed because they did not comply with code requirements. The homeowner had a site survey and comprehensive roof inspection performed by another licensee who indicated that the roof needed to be replaced and that the solar installation should not have occurred. The homeowner stated that the design plans were never shown to her. The contractor indicated that they had been trying to work with the homeowner to reach a resolution but had been unsuccessful. The analyst was able to get the contractor to agree to remove the system and cancel the contract in full. The consumer was very satisfied with the resolution.

Investigation Center Highlight

Incomplete Work Results in a License Revocation

In August 2021, a homeowner entered into a written contract with a licensee to build a foundation, a retaining wall, install water and sewer lines, grade, compact and pour the driveway for her new home Santa Rosa, CA for \$152,000. The homeowner paid \$119,900.86 before the licensee abandoned the project. The homeowner then hired multiple contractors to complete the project, causing a financial injury of \$155,749.86.

In January 2024, CSLB’s Special Investigator closed the complaint with a recommendation for accusation for violations of Business and Profession Codes that included abandonment of contract, failure to cooperate in an investigation, failure to complete project for contract price, failure to prosecute work diligently, and for accepting payment that exceeded the value of work performed and/or materials delivered. On May 30, 2024, the accusation was filed and the licensee failed to file a Notice of Defense.



As a result, the Registrar signed an Order to Adopt the Default Decision to revoke the license with an effective date of September 23, 2024.

Increased Costs and Incomplete Work Leads to License Revocation

In October 2021, a homeowner contracted with David Anthony Murray, sole owner of M B Construction, to perform a complete master bathroom and kitchen remodel at her home in San Rafael. The agreed upon cost of this home improvement project was \$101,150, with written-change orders increasing the project cost to \$141,874.

M B Construction requested and received a deposit of \$15,172.50, with the homeowner ultimately paying a total of \$147,921.50. In lieu of a written contract, M B Construction provided the homeowner with a series of estimates and invoices outlining the work performed. After completing most of the work — estimated by the homeowner to be approximately 90 percent of the project — M B Construction abandoned the job and left the remainder incomplete. The homeowner attempted to work with M B Construction to finish the job; however, she learned he ran out of money, despite being paid in full, and left California for Arizona.

The homeowner filed a complaint with CSLB, which a Special Investigator (SI) investigated and established several Business and Profession Code violations, including abandonment of contract, failure to complete project for contract price, failure to pay for materials or services, requirements for home improvement contracts, and receiving an excessive down payment. The financial injury in this case was established at \$48,261.77 and the SI recommended an accusation be filed against the license.

An accusation was filed on June 3, 2024. M B Construction failed to submit a Notice of Defense and on November 7, 2024, a Default Decision was rendered. The order was signed on December 3, 2024, with revocation of the license effective January 3, 2025.

Special Investigations Unit (SIU) Highlights

Net Zero – Stay of Revocation Vacated

In March 2024, a proposed decision was issued against Net Zero Resistant Structures LLC, which included administrative probation for a period of three years, a disciplinary bond, and restitution of \$268,671.80 ordered. This investigation was performed by a CSLB Investigating Peace Officer.

On December 3, 2024, it was ordered that the stay of revocation be vacated due to the contractor failing to make restitution payments and provide proof of compliance with the provisions of the decisions. The order went into effect on January 3, 2025.



Case Summary

In April 2019, a homeowner entered into a written contract with Daniel Schoenfeld (Net Zero Disaster Resistant Structures LLC) to rebuild their home that was destroyed in the Tubbs Fire and build an all-cement fire-resistant home for \$1,073,763.

During the project, the homeowners deposited a total of \$865,500 into a fund control account (Dixieline Builders Fund Control Inc - DBFCI) for the purpose of rebuilding their home. The homeowner additionally paid \$172,642.87 in checks for plans, permits, and subcontractors. In March 2019, Net Zero started working on the project and utilized several employees.

DBFCI made payments to: Net Zero, various subcontractors, material suppliers, and employees. As of October 2020, the homeowners paid a total of \$1,089,162.53 towards the rebuild of their home.

In December 2020, Schoenfeld sent a contract addendum to the homeowners which included language to increase the total contract cost by \$119,400 and up to \$153,900, not including unpaid bills totaling \$10,000 and overhead to Net Zero at \$1,500 per week.

In December 2020, Net Zero stopped all work on the project. Schoenfeld sent an email to the homeowner explaining that he was terminating all work until the interim agreement of work was accepted. At that point, Net Zero had completed the demolition, cleanup, soil testing, grading, plans, permits, trenching for the foundation, forms for the foundation, poured foundation, plumbing, framing, roofing, roofing deck, electrical, and approximately 20 percent of the interior framing.

In February 2021, the homeowner sent a letter to Schoenfeld and requested that Net Zero return to the project and complete the project according to the original contract. Net Zero did not return.

In April 2021, the homeowner entered into a written contract with a new licensed contractor to complete the work that Net Zero left unfinished. The new contractor found the work performed by Net Zero did not meet accepted trade standards for good and workmanlike construction and the cost to correct/complete the work would be approximately \$300,000. The homeowner paid the new contractor approximately \$300,000 to repair and complete the work. The homeowner additionally paid several thousand dollars to various subcontractors and material suppliers to finish the work that Net Zero left incomplete.



Felony Case Filed Against Revoked Licensee

In November 2024, a CSLB SI referred a criminal investigation to the San Mateo District Attorney's Office against David Avner King, the Chief Executive Officer (CEO) and President of Superb Builders Inc.

In December 2024, the DA's office filed felony and misdemeanor charges against King for larceny, engaging in a business without a license, and requested or accepted payment that exceeded the value of the work performed or materials delivered. On December 11, 2024, a \$875,000 warrant was issued for King's arrest.

On March 25, 2021, CSLB suspended Superb Builders Inc. for not having a bond on file with CSLB. In April 2021, King entered into a \$350,000 written residential remodeling contract while his license was suspended. Later that month, CSLB received a bond and the suspension was lifted. On the same date, King requested and received a payment in the amount of \$20,000. At this point in the project there was no work done, no materials delivered, no plans, and no permits. King requested and received several additional payments throughout the project totaling \$1,138,913.82.

In July 2021, Superb Builders Inc. started working on the demolition. On July 30, 2021, CSLB revoked Superb Builders Inc.'s license for violations unrelated to this project. From July 30, 2021, to July 31, 2023, Superb Builders Inc. continued to work in the capacity of a contractor. During this time, Superb Builders Inc. completed the demolition and foundation work. The roofing, drywall, insulation, electrical, plumbing, flooring, and related finish work were not done.

In June 2023, the homeowner received notices from material suppliers advising that they were not paid for materials provided and services rendered. The homeowner stated that he spoke with King about unpaid subcontractors and material suppliers and King advised the homeowner would have to pay the material suppliers and subcontractors directly to keep the project going.

In July 2023, King texted the homeowner and stated that he was going to stop work on the project. The homeowner then hired a licensed contractor to inspect the work Superb Builders, Inc. completed on the project, and they determined the approximate total value of work completed by Superb Builders, Inc. to be \$260,750.

In July 2023, the homeowner hired a new contractor to take over the project for \$1,755,000 and complete the work that Superb Builders was originally hired to do.

Addressing Fraud and Misconduct in Accessory Dwelling Unit (ADU) Market

The accessory dwelling unit (ADU) market in California has seen significant growth over the past decade, driven by state initiatives aimed at alleviating the housing crisis. ADUs



offer homeowners an efficient and cost-effective way to add living space to their properties while contributing to the state's housing stock. However, the rapid expansion of the market has also created opportunities for unscrupulous contractors to exploit consumers, leading to a rise in fraud and misconduct cases.

Anchored Tiny Homes

A Sacramento-based company, Anchored Tiny Homes, abruptly ceased operations in 2024, leaving dozens of homeowners with incomplete ADU projects and financial losses. Homeowners reported that Anchored Tiny Homes took significant upfront payments but failed to deliver on promised construction services. The sudden closure prompted investigations by the Contractors State License Board (CSLB) and the license was revoked in November 2024. A criminal investigation is ongoing.

Next Generation Builders

Southern California homeowners raised allegations against Next Generation Builders for accepting substantial payments without completing the contracted ADU projects. Despite a clean disciplinary record prior to these incidents, the contractor's actions led to numerous complaints and the license is currently suspended and expired. A criminal investigation is ongoing.

Multitaskr Construction

A Chula Vista-based contractor specializing in ADUs and home improvement services has faced numerous consumer complaints. Common issues reported by homeowners include significant project delays, poor communication, and the collection of large payments upfront without completing or initiating work.

Notably, in one case, an Oceanside family paid over \$193,000 to Multitaskr for an ADU project intended for a family member with Alzheimer's disease, but the project still had not begun nearly two years later. Such delays have caused severe financial and emotional distress for affected homeowners. The license is currently suspended and a criminal investigation is ongoing.

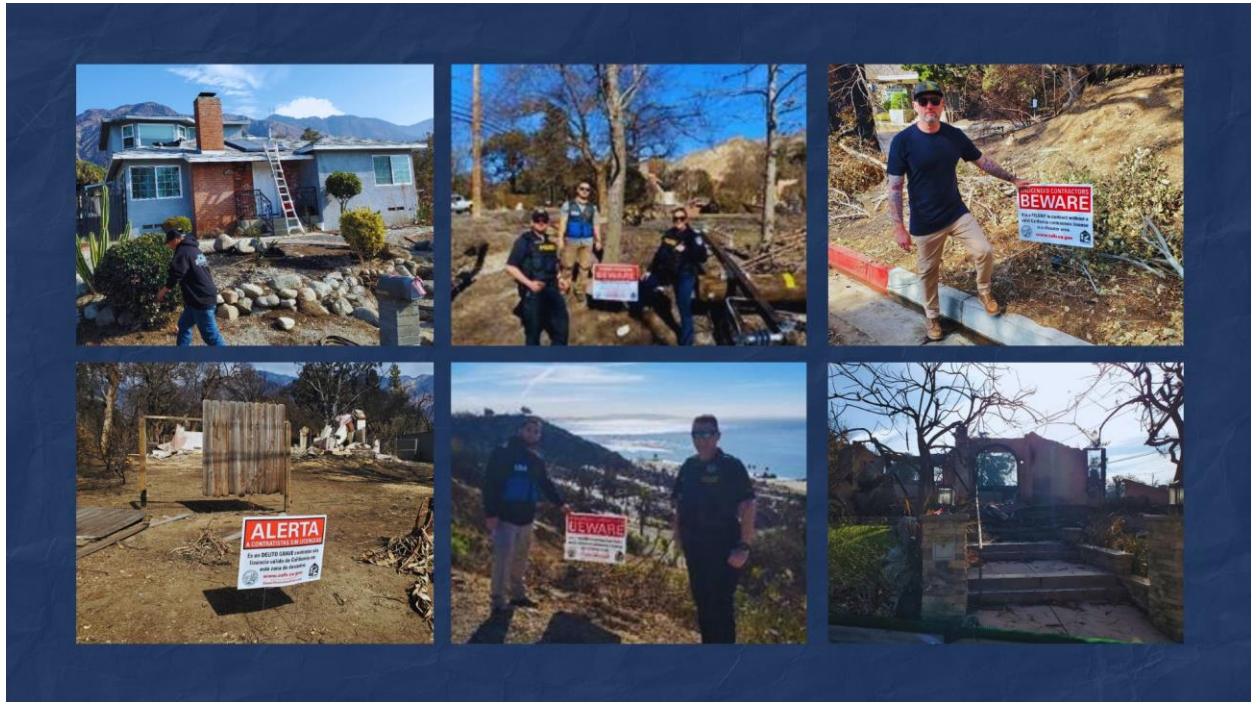
SWIFT Highlights

CSLB staff have worked tirelessly to help communities affected by the recent wildfires in Southern California. Many team members have staffed disaster recovery centers (DRCs) in Los Angeles, Pasadena, and Altadena, providing vital consumer protection resources to those impacted. While the Pasadena DRC has closed, the Los Angeles and Altadena locations will continue operations until March 2025.

Central SWIFT investigators have been on the ground helping disaster victims avoid contractor fraud. On January 24, 2025, SWIFT Investigators traveled to Southern California for Eaton Fire and Palisades Fire outreach, posting warning signs and distributing CSLB resources with support from the Department of Insurance. On



January 28-29, SWIFT Investigators continued these efforts in the Eaton Fire burn area, working alongside the Department of Insurance to provide homeowners with fraud prevention materials and tips on hiring licensed contractors.



Complaint Handling Statistics (For July 1, 2024, to January 31, 2025)

Investigations Initiated & Complaints Received

- CSLB received 11,377 complaints from July 1, 2024, to January 31, 2025.
- CSLB self-initiated 466 investigations from July 1, 2024, to January 31, 2025.

Pending Investigations

- With current staffing levels, the optimum maximum Enforcement Division caseload is 4,895 pending complaints. As of January 31, 2025, the pending caseload was 5,028.

Special Investigator Production Goals

- For July 1, 2024, to January 31, 2025, the weighted monthly case-closing average per Special Investigator in CSLB Investigative Centers was 8 closures per month, two less than the closure goal of 10.

Complaint-Handling Cycle Time

- The Board’s goal is to appropriately disposition all but 100 complaints within 270 days of receipt. As of February 11, 2025, 332 complaints exceeded 270 days in age. Enforcement supervisors and managers continue to conduct monthly case reviews and help investigators resolve aged cases.



Restitution to Financially Injured Persons

- CSLB continues to assist consumers and help licensees resolve non-egregious consumer complaints. From July 1, 2024, to January 31, 2025, complaint negotiation efforts by the IMC and Investigative Centers resulted in more than \$18.3 million in restitution to financially injured parties.

Investigative Center Legal Actions

- From July 1, 2024, to January 31, 2025, the Investigative Centers referred 362 (27 percent) of the 1,321 legal action investigations for criminal prosecution.

Case Management Activities (For July 1, 2024, to January 31, 2025)

Arbitration

- 210 arbitration cases were initiated, resulting in \$2,414,397.00 in restitution ordered to injured parties.
- 53 licenses were revoked for non-compliance with an arbitration award.

Citations

	<i>Licensees</i>	<i>Non-Licensed</i>	<i>Total</i>
Citations Issued	478	391	872
Citations Appealed	234	120	354
Citations Complied With	262	202	464

Licensee Civil Penalties Collected

	<i>Total</i>
Informal Citation Conferences Conducted	138
Informal Citation Conferences Successful	81
Civil Penalties Collected	\$1,033,184.00
Restitution Ordered	\$540,110.00

Non-Licensee Citation Civil Penalties

	<i>Total</i>
Informal Citation Conferences Conducted	98
Informal Settlement Conferences Successful	82
Civil Penalties Collected	\$385,686.00



Accusations

	<i>Total</i>
Accusations Filed	126
License Revocations	131
Licenses Placed on Probation	23
Restitution Paid to Injured Parties	\$78,142.00
Cost Recovery Collected	\$271,285.00

Letter of Admonishment

The Letter of Admonishment is a form of disciplinary action CSLB was authorized to use in 2018 to enhance public protection by promptly addressing less-egregious violations by licensed contractors. The letter provides for up to two years of public disclosure after issuance, offers an option for requiring corrective action by the contractor that can include taking prescribed training courses, and provides written documentation that can be used to support formal disciplinary action in the future, if warranted.

From July 1, 2024, to January 31, 2025, CSLB issued 232 Letters of Admonishment. The most common violations cited in Letters of Admonishment during that timeframe were failure to comply with permit requirements, criminal conviction as a cause for discipline and failure to meet home improvement contract requirements.

Contractors who receive a Letter of Admonishment are given an opportunity to contest its issuance via an Office Conference CSLB administers. The Office Conference procedures provide CSLB with the discretion to uphold, modify, or withdraw the Letter of Admonishment based on a second review of the case. Between July 1, 2024, to January 31, 2025, CSLB received 17 Office Conference requests, five of which were retracted. As a result of the 12 Office Conferences conducted, nine Letters of Admonishment were upheld as issued, two were withdrawn, and one was modified.

Beginning in 2020, contractors who have violated local permit requirements have been issued a Letter of Admonishment with a corrective order to complete a video training session on building permits. Violators who do not complete the training are subject to an administrative citation. Between July 1, 2024, to January 31, 2025, 44 Letters of Admonishment were issued that included a requirement to complete permit training. All contractors complied with this requirement.

Statewide Investigative Fraud Team

CSLB’s Statewide Investigative Fraud Team (SWIFT) is comprised of Special Investigators who enforce license and workers’ compensation insurance requirements at active jobsites, respond to leads, and conduct enforcement sweeps and undercover sting operations targeting unlicensed persons.

From July 1, 2024, to January 31, 2025, SWIFT conducted 25 sting operations days, participated in 242 sweep days, and responded to 430 leads. SWIFT closed 2,098 cases as a result of stings, sweeps, and leads. Of these 2,098 cases, 704 resulted in



administrative or criminal legal action, as well as the issuance of 732 advisory notices for minor violations.

District Attorney Referrals

From July 1, 2024 to January 31, 2025, SWIFT referred 284 cases to local district attorneys’ offices for criminal prosecution – 250 for contracting without a license and 34 against licensees, primarily for failure to secure workers’ compensation insurance.

Administrative Actions

From July 1, 2024, to January 31, 2025, SWIFT issued 311 licensee and non-licensee citations, issued 99 Letters of Admonishment, filed 10 accusations, and assessed \$404,800 in non-licensee citation civil penalties. Administrative violations include working out of classification, working under a suspended or expired license, failing to obtain permits, and other license law violations that do not warrant a criminal referral.

Stop Orders

A Stop Order is a legal demand to cease all employee labor at any jobsite due to workers’ compensation insurance violations until an appropriate policy is obtained. Failure of a contractor to comply with a stop order is a misdemeanor criminal offense, punishable by up to 60 days in county jail and/or a fine of up to \$10,000. From July 1, 2024, to January 31, 2025, SWIFT issued 191 Stop Orders to licensed and unlicensed individuals for using employee labor without having a valid workers’ compensation policy.

Outstanding Tax and State Agency Liability Suspensions

CSLB can suspend a license if the licensee is delinquent in paying outstanding liabilities owed to CSLB or to other state agencies. The table below summarizes liabilities owed to state agencies that were collected or resolved to avoid a license suspension or to reinstate a suspended license.

Amounts Collected or Resolved

	2022	2023	2024	2025 (through 01/31/25)
CSLB	\$104,507	\$100,190	\$108,848	\$6,830
EDD	\$13,280,832	\$10,485,549	\$10,897,189	\$1,094,816
DIR-Cal/OSHA	\$243,066	\$493,104	\$697,638	\$54,742
DIR-DLSE	\$5,217,626	\$4,620,847	\$3,116,644	\$830,233
FTB	\$4,024,936	\$5,344,249	\$4,768,829	\$306,998
Totals	\$22,870,967	\$21,043,939	\$19,589,147	\$2,293,619

Labor Enforcement Task Force

The Labor Enforcement Task Force (LETF) is comprised of investigators from CSLB, the Department of Industrial Relations’ (DIR) Division of Labor Standards and



Enforcement (DLSE) and Division of Occupational Health and Safety (Cal/OSHA), as well as the Employment Development Department (EDD). LETF combats the underground economy in California and aims to ensure that workers receive proper payment of wages and are provided with a safe work environment. Below are LETF statistics for July 1, 2024, to January 31, 2025:

Number of Contractors Inspected	85
Number of Contractors Out of Compliance	74
Percentage of Contractors Out of Compliance	87%
Total Initial Assessments	\$121,670

Note: The results reflect joint LETF inspections with Cal/OSHA, CSLB, DLSE & EDD. Total initial assessments reflect the amount assessed by Cal/OSHA and DLSE at the time of the inspection. These amounts are subject to change.

Application Experience Verification Statistics

The chart below provides the breakdown for appeals, denials, withdrawals, experience verification, and pending applications by classification. The statistics primarily relate to the work performed by the Enforcement field application investigator, and do not include application investigations by other Enforcement or Licensing staff.

**Experience Verification by Classification
January 1, 2023 to January 31, 2025**

Classification	Appealed	Withdrawn	Verified	Denied	Total
A General Engineering	2	6	21	5	34
B General Building	4	57	162	81	304
B-2 Residential Remodeling	0	1	9	5	15
C2 Insulation and Acoustical	0	1	1	2	4
C4 Boiler Hot Water	0	0	2	0	2
C5 Framing / Rough Carp	0	0	2	0	2
C6 Cabinet-Millwork	0	0	8	0	8
C7 Low Voltage Systems	0	3	5	0	8
C8 Concrete	0	7	15	7	29
C9 Drywall	0	1	2	4	7
C10 Electrical	0	13	54	4	71
C11 Elevator	0	1	0	0	1
C12 Earthwork & Paving	0	4	2	3	9
C13 Fencing	0	1	4	5	10
C15 Flooring	0	1	12	4	17
C16 Fire Protection	0	0	1	1	2
C17 Glazing	0	1	4	3	8
C20 HVAC	0	3	23	7	33



Classification	Appealed	Withdrawn	Verified	Denied	Total
C21 Building Moving Demo	0	0	2	2	4
C22 Asbestos Abatement	0	0	0	0	0
C23 Ornamental Metal	0	0	1	0	1
C27 Landscaping	0	12	25	13	50
C28 Lock & Security Equipment	0	0	0	3	3
C29 Masonry	0	0	0	0	0
C31 Construction Zone	0	0	0	0	0
C32 Parking Highway	0	0	1	0	1
C33 Painting	0	1	21	18	40
C34 Pipeline	0	0	1	0	1
C35 Lath & Plaster	0	2	5	4	11
C36 Plumbing	0	5	25	7	37
C38 Refrigeration	0	1	2	0	3
C39 Roofing	0	6	12	11	29
C42 Sanitation	0	0	1	0	1
C43 Sheet Metal	0	1	2	1	4
C45 Sign	0	0	1	0	1
C46 Solar	0	2	0	6	8
C47 Gen Manufactured House	0	1	0	2	3
C49 Tree and Palm	0	1	3	0	4
C50 Reinforcing Steel	0	1	1	0	2
C51 Structural Steel	0	0	5	1	6
C53 Swimming Pool	0	2	2	0	4
C54 Ceramic and Mosaic Tile	0	1	6	4	11
C55 Water Conditioning	0	0	1	0	1
C57 Well Drilling	0	0	0	0	0
C60 Welding	0	0	2	1	3
C61 Limited Specialty	0	4	24	9	37
ASB Asbestos Cert	0	0	0	0	0
HAZ Hazardous Cert	0	0	0	0	0
Total	6	140	470	213	829

Training Update

Criminal Report Writing & Arrest Affidavit Training

Supervising Special Investigators received Criminal Report Writing and Arrest Affidavit Training on February 6, 2025. Topics covered included report structure, rules for identifying and abbreviating, jury instructions, and exculpatory evidence (Brady List). Case examples were presented and explained.

CSLB Enforcement Academy

The next Enforcement Academy is scheduled for the week of April 7, 2025, at the Norwalk office.

AGENDA ITEM H

Licensing



AGENDA ITEM H-1

Update and Discussion of 2025-2027 Licensing Strategic Plan Objectives

- a. 1.1 Explore and address language barriers to licensing and testing.



AGENDA ITEM H-2

Review, Discussion and Possible Action
Regarding Proposed Policy of Board
Acceptance of Out-of-State Candidates
Who Have Passed the NASCLA
Commercial General Builders Examination
and Meet Other Specified Criteria





Review, Discussion and Possible Action Regarding Proposed Policy of Board Acceptance of Out-of-State Candidates who Have Passed the NASCLA Commercial General Builders Examination and Meet Other Specified Criteria

California Business and Professions Code section [7065.4](#) is CSLB's reciprocity statute. It is one of several CSLB "waiver" statutes that allows the registrar to waive license examinations in specific circumstances.

Section 7065.4 provides that the registrar may consider an applicant from another state to be qualified in their trade if:

- The license classification is similar
- The other state accepts applicants from California for that classification; and
- Board staff determines, on a case-by-case basis, the license requirements in the other state are the same or greater than California

If those criteria are met, and the applicant has five years of good standing in the other state, the registrar may waive the trade examination for that classification (not the CSLB law and business examination).

The purpose of reciprocity is to remove barriers to licensure, enhance mobility, reduce redundant license requirements, promote consistent standards and practice, and allow for acceptance of national examinations.

Over the years CSLB staff has brought different requests to the full Board to accept specific reciprocity agreements with different states, primarily in the "B" General Building classification. For example, in April 2018 the Board approved staff to accept reciprocity agreements with five states for "B" applicants who pass NASCLA's Commercial General Building Examination. However, section 7065.4 does not require the registrar to enter a blanket reciprocity agreement with the other state; decisions may be made on a case-by-case basis. Because several more states now accept the NASCLA Commercial General Building Examination, and to ensure the most effective use of Board and staff time, staff request the Board adopt the following policy as it relates to "B" or B-2 General Building or Remodeling classification only:

Staff recommendation: As long as the requirements of Section 7065.4 are met, grant staff the discretion on a case-by-case basis, to:

- Waive the California General Building Examination for out-of-state general building applicants who have passed the NASCLA Commercial General Builders Examination
- Waive the California B-2 Residential Remodeling Examination for out-of-state residential remodeling applicants if staff determines their general building or remodeling examination is comparable.

AGENDA ITEM H-3

Review, Discussion, and Possible
Action to Approve Construction
Management Education Account
Advisory Board Membership for
July 2025-June 2028 Term





Review, Discussion, and Possible Action to Approve Construction Management Education Account Advisory Board Membership for July 2025-June 2028 Term

Background

The Construction Management Education Sponsorship Act (Act) was passed by the California Legislature and signed into law by Governor Pete Wilson in 1991 (Business and Professions Code sections 7139-7139.10). In creating the Act, the Legislature recognized the increasing need to educate and prepare graduates to fill positions in construction management at a variety of companies.

It was the Legislature's intent that the grants provided through the Act would improve the overall quality of construction by providing industry-specific management training to California licensed contractors and their current and future managers.

Donations

The Act allows contractors to contribute to an account established under the Contractors State License Board (CSLB) for the purposes of construction management education. Originally, contributions were limited to \$25; consequently, the fund grew slowly. In 2003, the Legislature removed the contribution limit and contractors may now contribute any amount they wish. Contributions can be submitted with any application for licensure or renewal.

Advisory Committee

The Construction Management Education Account (CMEA) Advisory Account Committee oversees the funds that help improve the quality and availability of education programs for California's construction industry. Pursuant to California Business and Professions Code section 7139.3, the committee is composed of 11 members and serve three-year terms. The law requires a member from each of the following organizations:

- Associated General Contractors of California
- Associated Builders and Contractors
- California Building Industry Association
- National Electrical Contractors Association
- Plumbing-Heating-Cooling Contractors Association
- Southern California Contractors Association
- Associated General Contractors of San Diego
- United Contractors Organization (formerly the Engineering and Utility Contractors Association)
- Engineering Contractors Association



- California Sheet Metal and Air Conditioning Contractors Association

The 11th member represents the California State University and University of California construction management programs accredited by the American Council for Construction Education.

Nominations for Construction Management Account Advisory Committee

CSLB staff reached out to each organization identified in the law and asked each for a volunteer to serve as a representative for the July 1, 2025 to June 30, 2028 term.

The proposed representatives are as follows:

ASSOCIATION	REPRESENTATIVE	ORGANIZATION
Associated General Contractor of CA (AGC)	Chris O'Connor	AGC
Associated General Contractors of San Diego (AGC)	Mike McManus	AGC
Associated Builders & Contractors (ABC)	Daniel Bargmann	Brown Construction
California Building Industry Association (CBIA)	Chris Ochoa	CBIA
National Electrical Contractor Association (NECA)	Vincent Bernacchi	Schetter Electric Inc.
Plumbing Heating Cooling Contractor Association (PHCC)	Patrick Wallner	Wallner Plumbing Company Inc.
Southern California Contractor Association (SCCA)	Paul Von Berg	SCCA
United Contractors (UCON)	Emily Cohen	UCON
Engineering Contractors Association (ECA)*	-	ECA
Sheet Metal & Air Conditioning Contractors National Association (SMACNA)	Chris Walker	CAL SMACNA
CSU / UC Construction Management Programs	Gareth Figgess	CSU, Sacramento

*There is no representative listed for Engineering Contractors Association (ECA) because they merged with United Contractors (UCON) in June 2023.

Staff Recommendation

That the board appoints the representatives proposed above to serve on the Construction Management Education Act Committee for the July 2025 to June 2028 term.

AGENDA ITEM H-4

Licensing and Testing Program Update





CONTRACTORS STATE LICENSE BOARD

LICENSING PROGRAM UPDATE

Application Processing Statistics

The charts below provide the total number of incoming applications received by the application units each month, quarter, and calendar year.

Total Number of Applications Received Per Month

	2024 Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2025 Jan
Original Exam	1,817	1,897	1,881	1,763	1,617	1,685	1,693	1,571	1,753	1,468	1,469	1,536
Original Waiver	851	856	847	808	670	772	751	750	767	602	724	842
Add Class	501	519	544	463	384	411	450	459	433	376	405	499
Qualifier Replacer	286	288	298	321	250	266	274	251	296	207	268	290
Home Improvement	1,092	1,153	1,201	1,122	994	1,036	863	1,020	837	755	773	899
Total Per Month	4,547	4,713	4,771	4,477	3,915	4,170	4,031	4,051	4,086	3,408	3,639	4,066

3 – Month Totals

Feb – Apr: 14,031

May – Jul: 12,562

Aug – Oct: 12,168

Nov – Jan: 11,113

Total Applications Received – Prior Calendar Years

	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
Original Exam	13,193	15,729	15,861	17,816	20,100
Original Waiver	7,456	7,558	7,970	8,737	9,205
Add Class	4,231	4,138	4,112	4,482	5,422
Qualifier Replacer	2,620	2,813	3,024	3,288	3,326
Home Improvement	9,694	12,411	12,466	12,792	11,799
Total Received	37,194	42,649	43,433	47,115	49,852



Weeks to Process

CSLB management closely monitors processing times for the various licensing units on a weekly and monthly basis.

The chart below provides the “weeks to process” for applications, license transactions, and public information unit documents (i.e., record certification) received each month. “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.

	2024 Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2025 Jan
Original Exam	1.9	2.2	2.5	2.4	2.4	2.3	2.1	2.2	2.1	2.7	2.3	1.5
Original Waiver	1.3	1.6	2.1	1.5	1.7	1.5	1.3	1.7	2.2	2.4	2.1	1.9
Add Class	1.7	1.6	1.6	1.4	1.6	1.1	1.6	2.0	1.6	1.2	1.5	2.4
Qualifier Replacer (Exams & Waiver)	1.6	1.7	1.8	1.4	1.5	1.3	1.6	2.0	2.0	1.3	1.6	2
Home Improvement	1.0	1.4	1.0	1.2	1.4	1.0	1.3	1.2	2.0	1.9	1.3	1.8
Renewal	0.9	0.9	0.8	1.0	1.0	0.9	0.8	0.9	0.8	0.8	0.8	0.9
Add New Officer	0.9	1.2	0.9	0.9	1.3	1.4	1.8	1.9	2.0	1.9	1.3	1.8
Address / Name Change	0.9	1.2	0.9	0.9	1.3	1.3	1.9	1.6	2.0	1.9	1.3	1.8
Bond / Bond Exemption	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.7	0.6
Workers' Comp / Exempt	2.2	1.8	1.4	1.0	2.0	3.4	2.5	1.9	1.2	0.6	0.9	1.7
Certified License History	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Copies of Documents	0.1	0.0	0.1	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Criminal Offender Record Information (CORI) Review*	2.0	2.0	1.8	2.2	2.6	2.6	2.3	2.0	2.0	2.2	2.7	2.6

*Outside CSLB Control—DOJ /FBI timeframe



The chart below illustrates the number of applications received in the previous fiscal years and the final disposition of these applications, regardless of the year they were processed. This is the combined total for all exam, waiver, add class, qualifier replacement, and home improvement salesperson applications. This report allows staff to monitor application cycle times and dispositions.

Disposition of Applications by Fiscal Year

Fiscal Year	Number of Apps Received	Processed & Issued	Voided	Pending*
2020-2021	41,864	16,176	4,098	21,590
2021-2022	43,707	19,148	4,801	19,758
2022-2023	47,042	22,301	5,197	19,544
2023-2024	49,008	25,189	4,694	19,125

* These are the total number of applications pending at the close of each fiscal year.

An application may be classified as pending because:

- The applicant does not pass the exam but is still within the 18-month window during which they may retest.
- The application is in the experience verification process.
- The application is not yet cleared by CSLB’s Criminal Background Unit.
- The applicant has not submitted final issuance requirements (proof of bond, workers’ compensation insurance, asbestos open book examination results, and/or fees).



Renewal Processing Statistics

The charts below provide the number of incoming renewals received by the Renewals Unit each month, quarter, and calendar year.

Total Number of Renewals Received Per Month

	2024 Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2025 Jan
Reactivation	105	116	120	92	105	105	117	111	106	69	91	80
Active	7,321	8,720	8,495	7,468	8,087	8,947	8,046	6,778	7,913	6,207	6,814	7,474
Inactive	792	893	938	882	847	939	853	741	874	685	745	823
Delinquent Active	1,135	1,026	1,239	1,100	1,047	1,319	1,163	1,191	1,200	1,082	1,094	1,288
Delinquent Inactive	142	141	133	151	168	155	164	141	172	146	134	176
Received Per Month	9,495	10,896	10,925	9,693	10,254	11,465	10,343	8,851	10,265	8,189	8,878	9,841

3 – Month Totals **Feb – Apr: 31,316** **May – Jul: 31,412** **Aug – Oct: 29,459** **Nov – Jan: 26,908**

Total Renewals Received – Prior Calendar Years

	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
Reactivation	1,164	1,230	1,250	1,293	1,248
Active	97,037	94,480	93,180	92,088	92,458
Inactive	12,379	11,351	9,087	9,689	9,994
Delinquent Active	12,636	13,162	12,519	12,911	13,776
Delinquent Inactive	2,071	2,163	1,658	1,661	1,799
Total Received	125,287	122,386	117,694	117,642	119,275

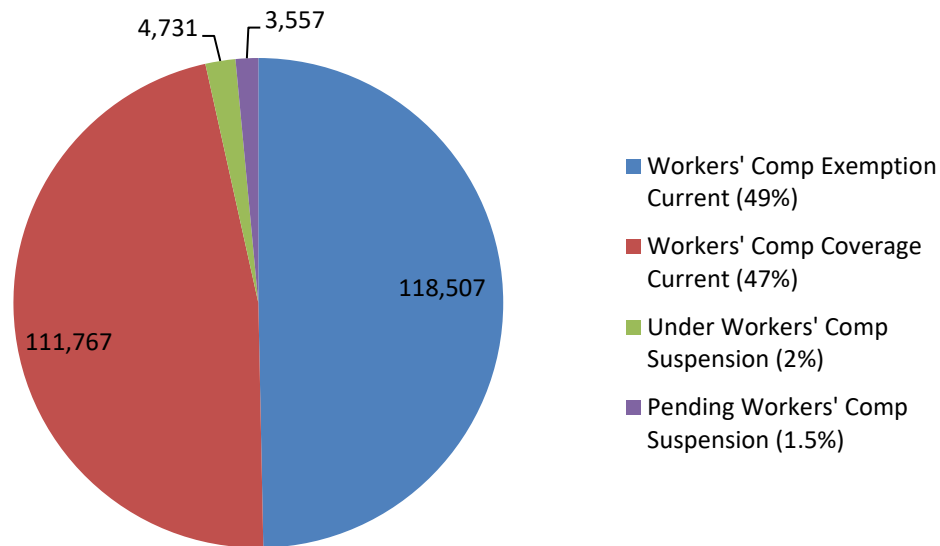


Workers' Compensation Recertification Statistics

The law requires that at the time of renewal, an active licensee 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 comply, then the law allows for the retroactive renewal of the license if the licensee submits the required documentation of the missing information within 30 days after notification by CSLB.

The chart below provides a snapshot of workers' compensation coverage for active licenses.

Workers' Comp Coverage for Active Licenses - January 31, 2025



Total Number of Active Licenses: 240,169

The following chart shows the workers' compensation coverage (policies and exemptions) on file as January 31, 2025, for active licenses by classification and the percentage of exemptions per classification.

**Active License Classifications Workers' Comp Status: As of January 31, 2025**

Classification	Exemptions on File	WC Policies on File	Total Policies & Exemptions	% of Total with Exemptions
A General Engineering	5,266	9,404	14,670	36%
B General Building	60,994	42,444	103,438	59%
B2 Residential Remodeling	814	245	1,059	77%
C2 Insulation and Acoustical	255	903	1,158	22%
C4 Boiler Hot Water	108	574	682	16%
C5 Framing / Rough Carp	507	482	989	51%
C6 Cabinet-Millwork	2,466	1,955	4,421	56%
C7 Low Voltage Systems	1,978	2,722	4,700	42%
C8 Concrete	10	5,135	5,145	0.2%
C9 Drywall	1,292	1,906	3,198	40%
C10 Electrical	14,340	13,105	27,445	52%
C11 Elevator	48	160	208	23%
C12 Earthwork & Paving	973	1,458	2,431	40%
C13 Fencing	721	1,013	1,734	42%
C15 Flooring	3,587	3,389	6,976	51%
C16 Fire Protection	726	1,440	2,166	34%
C17 Glazing	1,117	1,911	3,028	37%
C20 HVAC	6	11,040	11,046	0.05%
C21 Building Moving Demo	504	1,226	1,730	29%
C22 Asbestos Abatement	2	298	300	0.7%
C23 Ornamental Metal	453	613	1,066	42%
C27 Landscaping	4,906	6,963	11,869	41%
C28 Lock & Security Equipment	141	222	363	39%
C29 Masonry	844	1,330	2,174	39%
C31 Construction Zone	81	351	432	19%
C32 Parking Highway	187	315	502	37%
C33 Painting	8,643	6,929	15,572	56%
C34 Pipeline	136	381	517	26%
C35 Lath & Plaster	625	1,191	1,816	34%
C36 Plumbing	8,955	7,853	16,808	53%
C38 Refrigeration	418	1,190	1,608	25%
C39 Roofing	1	5,113	5,114	0.02%
C42 Sanitation	336	613	949	35%
C43 Sheet Metal	251	1,047	1,298	19%
C45 Sign	385	489	874	44%
C46 Solar	411	797	1,208	34%
C47 Gen Manufactured House	199	240	439	45%
C49 Tree and Palm	16	139	155	10%
C50 Reinforcing Steel	63	191	254	25%
C51 Structural Steel	440	1,086	1,526	29%
C53 Swimming Pool	1,255	1,554	2,809	45%
C54 Ceramic & Mosaic Tile	3,542	2,741	6,283	56%
C55 Water Conditioning	121	172	293	41%
C57 Well Drilling	273	475	748	36%
C60 Welding	541	501	1,042	52%
C61 Limited Specialty	7,389	13,230	20,619	36%



Fingerprinting/Criminal Background Unit Statistics

As mandated in January 2005, CSLB continues to fingerprint all license applicants. The California Department of Justice (DOJ) and the Federal Bureau of Investigation (FBI) conduct criminal background checks and provide criminal offender record information to CSLB for in-state convictions and for out-of-state and federal convictions.

DOJ and FBI typically provide responses to CSLB within two days of an applicant being fingerprinted, but occasionally the results are delayed. This does not necessarily indicate a conviction, as sometimes the results reveal a clear record. Most delays are resolved within 30 days; however, some continue for up to 90 days or longer because DOJ and FBI may need to obtain court records. 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. Staff follows up with DOJ regarding delayed responses to confirm the review has commenced and to make sure DOJ requires no further information.

Below is a breakdown of Criminal Background Unit statistics for the past five calendar years.

	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	TOTALS
DOJ Records Received	27,172	35,114	37,895	39,500	40,129	179,810
CORI Information Received	5,375	6,818	7,303	5,616	5,778	30,890
Denials	16	8	13	10	7	54
Appeals	11	5	7	3	3	29
Probationary Licenses Issued (conditional license, requires periodic review)	101	177	222	185	206	891



Judgment Unit Statistics

Judgment Unit staff process all outstanding government liabilities, civil judgments, and payment of bond claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB’s Enforcement Division, and other governmental agencies. The Judgment Unit also 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 (dishonored checks)

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payment of claims are reported to CSLB by bonding (surety) companies.

The charts on the following page provide the number of notifications mailed to licensees related to outstanding liabilities, judgments, and payment of claims affecting their license status, including the savings to the public as a result of compliance.



Judgment Unit: Number of Reimbursements to State Agencies and Public

Outstanding Liabilities (from California State Agencies)

	2/24	3/24	4/24	5/24	6/24	7/24	8/24	9/24	10/24	11/24	12/24	1/25
Notice	59	72	69	83	54	85	77	58	64	67	51	50
Suspend	49	55	47	53	57	62	41	69	55	38	50	52
Reinstate	38	51	46	42	43	31	56	50	57	40	42	52
Total	146	178	162	178	154	178	174	177	176	145	143	154

Final Judgments (from court actions)

	2/24	3/24	4/24	5/24	6/24	7/24	8/24	9/24	10/24	11/24	12/24	1/25
Notice	41	80	82	63	77	83	78	83	78	74	94	93
Suspend	1	11	69	18	25	19	16	25	26	15	22	15
Reinstate	43	68	72	61	59	67	69	55	55	48	64	69
Total	85	159	223	142	161	169	163	163	159	137	180	177

Payment of Claims (from bond surety companies)

	2/24	3/24	4/24	5/24	6/24	7/24	8/24	9/24	10/24	11/24	12/24	1/25
Notice	256	221	205	154	146	155	140	177	166	199	175	192
Suspend	55	4	62	172	150	168	83	101	115	79	130	100
Reinstate	103	88	93	105	105	94	108	88	94	102	98	115
Total	414	313	350	431	401	417	331	366	375	380	403	407

Reimbursement Amounts to State Agencies and Public
Prior Calendar Years

	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
Outstanding Liabilities	\$18,342,630	\$18,765,840	\$22,921,075	\$20,951,291	\$20,371,835
Final Judgments	\$20,586,833	\$18,003,223	\$20,211,482	\$19,505,855	\$43,984,178
Payment of Claims	\$9,921,280	\$7,934,026	\$7,781,618	\$7,168,304	\$10,360,721
Total Monetary Recovery	\$48,850,913	\$44,703,089	\$50,914,175	\$47,625,450	\$74,716,734



CONTRACTORS STATE LICENSE BOARD

LICENSING PROGRAM UPDATE

State Agency Outstanding Liabilities Collected

	Employment Dev. Department (EDD)	Franchise Tax Board (FTB)	Department of Industrial Relations (DIR) Division of Labor Standards Enforcement (DLSE) Division of Occupational Safety & Health (DOSH) Office of the Director – Legal Unit (ODL)	Total Liabilities Collected
February 2024	\$558,176	\$375,626	\$152,363	\$1,086,165
March	1,450,869	\$399,437	\$78,545	\$1,928,851
April	\$542,339	\$311,163	\$324,996	\$1,178,498
May	\$1,049,737	\$161,812	\$636,950	\$1,848,499
June	\$460,493	\$184,670	\$362,235	\$1,007,398
July	\$790,943	\$181,418	\$155,975	\$1,128,336
August	\$940,908	\$782,441	\$1,027,847	\$2,751,196
September	\$1,342,215	\$412,037	\$131,257	\$1,885,509
October	\$889,575	\$266,776	\$488,283	\$1,644,634
November	\$668,277	\$375,939	\$136,113	\$1,180,329
December	\$1,453,620	\$772,571	\$108,337	\$2,334,528
January 2025	\$1,094,815	\$306,998	\$884,975	\$2,286,788
TOTALS	\$11,241,967	\$4,530,888	\$4,487,876	\$20,260,731



Reciprocity

Reciprocity is a formal agreement with a contractors license agency in another state that will allow their licensees to waive the trade exam in California if they meet certain requirements.

CSLB currently has reciprocity agreements with three other states – Nevada, Arizona, and Louisiana. Nevada and Arizona’s licensure process and exams are fairly similar to California, and CSLB accepts applicants from the classifications that are similar to the California classifications. For Louisiana, their licensure process is similar to California. However, their state exam was not written to the same rigorous standards as CSLB’s, so CSLB accepts Louisiana candidates for the B – General Building trade who have taken and passed the NASCLA B – Commercial Builder exam. CSLB was instrumental in the creation of that exam and is confident it meets all psychometric standards CSLB requires for its own exams. CSLB currently receives about 45 requests for reciprocity from candidates in these three states each year.

Other states have different requirements and many of them will accept California licensees for reciprocity, even though CSLB does not have a formal agreement with them. The table below indicates how many requests CSLB receives every month from licensees wanting to add a license in another state.

Reciprocity Requests from California licensees to another state

	2019	2020	2021	2022	2023	2024	2025
January	156	190	114	203	176	197	233
February	149	123	137	187	146	181	-
March	149	132	137	222	176	201	-
April	164	109	35	203	152	198	-
May	152	142	-	156	228	205	-
June	129	168	-	167	202	215	-
July	147	162	106	120	185	180	-
August	138	115	102	193	246	241	-
September	159	127	128	144	193	236	-
October	140	136	140	137	194	191	-
November	131	104	171	149	144	116	-
December	79	87	156	144	154	122	-
TOTALS	1,693	1,595	1,226	2,025	2,196	2,283	-

*There are no records for May and June of 2021.



In November 2024, staff surveyed everyone who had requested reciprocity in another state over the last three years to determine their reasons for the request. Of the 872 contractors surveyed, 64 percent said they had requested reciprocity to expand their company, 44 percent requested reciprocity to conduct business in the other state, and only 18 percent had requested reciprocity in order to move to the other state. This means that reciprocity is providing an advantage to these contractors, allowing them to expand their business. It is not resulting in many licenses being lost from California.



CONTRACTORS STATE LICENSE BOARD

TESTING PROGRAM UPDATE

Examination Administration Unit

The Testing Division’s Examination Administration Unit (EAU) utilizes PSI Exams to administer CSLB’s 48 examinations at 22 computer-based test centers. CSLB and PSI mail applicants instructions on how to schedule exams.

EAU provides reasonable accommodations to applicants when needed and approves translator requests for candidates.

Number of Examinations Scheduled Per Month Feb 2024 – Jan 2025

Feb 2024	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2025	Total
4687	4843	4698	4765	4527	4356	4531	4487	4944	4433	4630	4546	55,447

CSLB currently utilizes PSI test centers in the following locations:

- | | |
|---------------------------|---------------|
| Agoura Hills | Riverside |
| Atascadero | Sacramento |
| Bakersfield | San Diego |
| Carson | San Francisco |
| Diamond Bar | Santa Clara |
| El Monte/Santa Fe Springs | Santa Rosa |
| Fresno | Union City |
| Irvine | Ventura |
| Las Vegas* | Visalia |
| Lawndale | Walnut Creek |
| Redding | Wilsonville |

Examination administration was expanded to two additional test centers outside of California in August 2023. The additional PSI test centers are in Las Vegas, Nevada* and Wilsonville, Oregon. In April 2024, the Law and Business exam was released to the other 20 DCA-approved PSI test centers nationwide.

* The Las Vegas test center permanently closed on May 31, 2024



Number of Examinations Administered by Test Center

From February 2024 to January 2025, PSI test centers administered a total of 55,360 exams. The details about each test center are described below.

Test Center	Number of Examinations Administered
Agoura Hills – PSI	4,542
Atascadero – PSI	768
Bakersfield – PSI	1,053
Carson – PSI	1,605
Diamond Bar – PSI	2,974
El Monte/Santa Fe – PSI	4,086
Fresno – PSI	1,519
Irvine – PSI	3,900
Las Vegas – PSI	52
Lawndale – PSI	1,939
Redding – PSI	695
Riverside/Mission Grove – PSI	4,687
Sacramento – PSI	6,451
San Diego – PSI	5,448
San Francisco – PSI	2,485
Santa Clara – PSI	3,274
Santa Rosa – PSI	1,992
Union City – PSI	2,052
Various - PSI*	74
Ventura – PSI	2,123
Visalia - PSI	839
Walnut Creek – PSI	2,743
Wilsonville - PSI	59
Total	55,360

* 20 PSI nationwide test centers – Law and Business exam only

**Examination Development Unit**

The Testing Division's Examination Development Unit (EDU) ensures that CSLB's 48 examinations are written, maintained, and updated in accordance with testing standards and guidelines, Department of Consumer Affairs policies, and CSLB regulations, as well as federal and California state law.

Examination Development

State law requires that all license examinations be updated at least every five to seven years. All CSLB examinations meet this standard. The revision process takes approximately one year and is conducted in two phases: 1) occupational analysis and 2) item bank development.

The occupational analysis determines what topics are relevant to each contractor classification and in what proportion they should be tested. This process starts with interviews of a statewide sample of active California licensees in each specific classification. The interviews result in a draft list of the job tasks performed by contractors in that trade and the knowledge needed to work safely and competently. EDU staff then conduct a workshop with licensees who act as subject matter experts to finalize the task and knowledge statements. A large-scale online survey is conducted with a greater number of subject matter experts. A second workshop is then conducted to develop a validation report, which includes an examination outline that serves as a blueprint for constructing examination versions/forms.

The item bank development phase involves numerous workshops with subject matter experts to review and revise existing test questions, write, and review new test questions, and determine the passing score for examinations.

The following new examinations were released between November 1, 2024, and January 31, 2024:

- C-28 Lock and Security Equipment
- C-50 Reinforcing Steel

The following item banks are ready for new releases:

- A General Engineering
- B General Building
- C-5 Framing & Rough Carpentry
- C-23 Ornamental Metal
- C-36 Plumbing
- C-51 Structural Steel
- S B-01 General Building - Spanish



Examination Programs in Progress as of January 2025

Occupational Analysis	Item Bank Development
ASB Asbestos Certification	C-05 Framing and Rough Carpentry
C-29 Masonry	C-08 Concrete
	C-09 Drywall
	C-15 Flooring & Floor Covering
	C-20 Warm-Air Heating, Ventilating & Air-Conditioning
	C-22 Asbestos Abatement
	C-32 Parking and Highway Improvement
	C-35 Lathing & Plastering
	C-43 Sheet Metal
	S-36 Plumbing (Spanish)

Spanish-Translated Examinations

Candidates who request a translator for Spanish are now able to take their Law and Business exam and nine additional trade exams in Spanish instead of waiting for a translator to be approved. These 10 exams represent those that received the most requests for a Spanish translator. Candidates will still have the option of utilizing a translator for their trade exam if it has not been translated.

The Spanish exams have been revised to improve word clarity and comprehension. Between November 1, 2024, and January 31, 2025, the following Spanish exams were updated to ensure the wording is in Latin American Spanish (instead of European Spanish):

- S B-01 General Building - Spanish
- S-09 Drywall - Spanish
- S-36 Plumbing - Spanish
- S-54 Ceramic and Mosaic Tile - Spanish

EDU has also developed a toggle option for Spanish exams, allowing candidates to view the original English questions alongside their Spanish translations. This creative approach addressed a key pain point for candidates, resulting in a statistically significant improvement in pass rates across all Spanish exams for which the new option has been sent to the test centers. Between November 1, 2024, and January 31, 2025, there were five Spanish exams with the English toggle option introduced. All five exams experienced a significant increase in passing rates. Detailed passing rates for each exam are provided below. The English toggle option is being added to the other five Spanish exams over the next few months.



Passing rates before and after English toggle option introduced

Exam	Before	After
S L/B Spanish Law and Business	26%	31%
S B-01 Spanish General Building	16%	47%
S-33 Spanish Painting and Decorating	32%	54%
S-36 Spanish Plumbing	11%	32%
S-39 Spanish Roofing	10%	26%

From February 2024 to January 2025, PSI test centers administered a total of 10,530 Spanish exams. The exam counts for each trade are listed below.

Exam	Number of Examinations Administered
S L/B Spanish Law and Business	6,320
S B-01 Spanish General Building	1,426
Spanish C-8 Concrete	353
Spanish C-9 Drywall	187
Spanish C-15 Flooring and Floor Covering	204
Spanish C-27 Landscaping	482
Spanish C-33 Painting and Decorating	657
Spanish C-36 Plumbing	295
Spanish C-39 Roofing	411
Spanish C-54 Ceramic and Mosaic Tile	195
Total	10,530

AGENDA ITEM I

Public Affairs



AGENDA ITEM I-1

Update and Discussion of 2025-2027 Public Affairs Strategic Plan Objectives

- a. 4.3 Conduct outreach and build partnerships with building departments, state agencies, and industry groups to educate consumers about hiring licensed contractors and students about construction-related fields



AGENDA ITEM I-2

Public Affairs Program Update





CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS PROGRAM UPDATE

Public Affairs Program Update

CSLB's Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer communications, as well as outreach. PAO provides proactive public relations, response to media inquiries, publication and newsletter development and distribution, and contractor education and outreach.

PAO creates and posts content on CSLB's social media channels to educate and inform consumers, licensees, the construction industry, the news media, and government officials. Staff also produce content for the CSLB website that includes webcasts and videos. Staff conduct Senior Scam StopperSM and Consumer Scam StopperSM seminars and present speeches to service groups and organizations. Internally, staff also produce content for the employee intranet.

Disaster Response

CSLB works to educate property and business owners, so they are not harmed by unlicensed and other unscrupulous contractors after a disaster. Many individuals try to take advantage of disaster survivors during the rebuilding process.

Following wildfires last fall in Southern California and the fires in January in Los Angeles County, CSLB staffed four local assistance centers (LACs)/disaster recovery centers (DRCs) throughout California from November 1, 2024, through January 31, 2025.

Disaster	LAC/DRC Location	Resources
1. Mountain Fire	Camarillo (Ventura County)	In-Person Staffing
2. Palisades Fire	Los Angeles (Los Angeles County)	In-Person Staffing
3. Eaton Fire	Pasadena (Los Angeles County)	In-Person Staffing
4. Eaton Fire	Altadena (Los Angeles County)	In-Person Staffing

CSLB maintains a toll-free disaster hotline Monday through Friday from 8 a.m. to 5 p.m. The hotline is promoted in various publications and through CSLB's social media channels, as well as on disaster signs posted in disaster zones and provided at the LACs/DRCs. CSLB's disaster response includes immediate and longer-term outreach, enforcement efforts, participation in multi-agency task forces, and assistance for affected licensees. CSLB also makes regular disaster-related posts through its social media channels, including Facebook, X, Instagram, and LinkedIn.

The Disaster Help Center on CSLB's website has been updated further following the Palisades and Eaton fires, including a link to CSLB's press release reminding wildfire survivors to hire licensed contractors when rebuilding, along with more links to other state agencies, including the California Governor's Office of Emergency Services (Cal



OES), Department of Industrial Relations, and Department of Insurance. The Disaster Help Center was also made more prominent on the homepage of CSLB’s website with a new button.

Task Force Participation

CSLB staff participate on a multi-agency task force established by the California Governor’s Office of Emergency Services that focuses on rebuilding and housing. The task force includes representatives from local, state, and federal agencies, with a goal of coordinating and streamlining the debris cleanup efforts and addressing both short-term housing needs for survivors and rebuilding.

Assistance for Licensees/Applicants

PAO communicates that CSLB continues its practice of waiving fees for licensees to replace their wall certificate and/or plastic pocket license in disaster zones. PAO also shares that CSLB waives delinquent fees for failure to renew a license before it expires for disaster survivors and works to expedite license applications for those planning to work in disaster areas.

The governor issued an executive order on January 30, related to the Palisades and Eaton fires, that postponed for one year the license renewal fees for all CSLB licenses that expire between January 1, 2025, and June 30, 2025, and whose residential or business address is within the impacted zip codes outlined in the order.

Video/Digital Services

Consumer, Licensee and Applicant Tips Videos

Public Affairs staff continue to produce and translate consumer, applicant, and licensee tips videos for promotion on CSLB’s website and social media platforms. Topics include how to navigate the CSLB website, how to report unlicensed activity in disaster areas, and tips on hiring a licensed contractor for various home improvement projects, such as HVAC installation or repair, tree trimming and roofing. In response to natural disasters, staff also made updates to CSLB’s Rebuilding After a Disaster video.

Staff continue to produce English and Spanish versions of the monthly *Get Licensed to Build* workshop for those interested in obtaining a contractor’s license. The workshop covers each step required to obtain a contractor license and includes a live question and answer session for participants. These workshops have been well attended via WebEx and are archived on CSLB’s website and YouTube channel.

Livestreams/Videos Produced November 1, 2024 – January 31, 2025

Date Published	Video Title
11/1/2024	Get Licensed to Build Workshop



Date Published	Video Title
11/15/2024	Workshop para que obtenga licencia de construir
12/2/2024	Tips for Hiring an HVAC Contractor
12/6/2024	Get Licensed to Build Workshop
12/12/2024	CSLB Board Meeting – Livermore, CA
12/20/2024	Workshop para que obtenga licencia de construir
1/7/2024	Get Licensed to Build Workshop
1/17/2024	Workshop para que obtenga licencia de construir

Social Media

PAO continues to use social media as an outreach tool to better interact with applicants, licensees, the news media, and other stakeholders. CSLB currently utilizes Facebook, Instagram, X, YouTube, and LinkedIn.

Social Media Highlights

- **Facebook:** 6,807 followers, a 1.6% increase since the previous quarter
- **Instagram:** 2,604 followers, a 4.16% increase since the previous quarter
- **X:** 3,106 followers, a 1.11% increase since the previous quarter
- **YouTube:** 10 videos produced; 101,152 video views; 7,131 hours watched since last year.
- **LinkedIn:** 1,191 followers, a 5.3% increase since the previous quarter

Facebook Growth

Between November 1, 2024, to January 31, 2025, CSLB reached 11,000 people.

Follower Statistics

Of CSLB’s Facebook followers, 67 percent of CSLB Facebook followers are male; 33 percent are female. Of these followers, 1 percent of CSLB’s Facebook followers are ages 18 to 24, 11 percent are ages 25-34, 31 percent are ages 35-44, 26 percent are ages 45-54, 19 percent are ages 55-64, and 12 percent are ages 65 and up.

Top Facebook Post

CSLB’s top post (see below) was published Friday, December 6, at 11:45 a.m. with a reach of 1,707 accounts, 3,176 views, 20 interactions, 6 reactions, and 17 shares.



Published post:

Wondering if your contractor needs workers' compensation insurance? 🤔 Here's a quick guide:

If your contractor has employees, they must have workers' compensation insurance. Additionally, some classifications require it regardless of having employees or not. This coverage is essential to protect both the workers and you as a homeowner in case of injuries or accidents on the job. Always ask for proof of insurance before hiring and ensure you're protected. For more info, visit www.cslb.ca.gov. [#ContractorInsurance](#) [#HomeSafety](#) [#KnowYourRights](#)

Instagram Growth

Between November 1, 2024, and January 31, 2025, CSLB reached 6,061 accounts on its Instagram page.

Follower statistics

Of CSLB's Instagram followers, 74 percent of CSLB's Instagram followers are male; 26 percent are female. Of these followers, 3 percent of CSLB's Instagram followers are ages 18 to 24, 28 percent are ages 25-34, 40 percent are ages 35-44, 20 percent are ages 45-54, 6 percent are ages 55-64, and 3 percent are ages 65 and over.

Top Instagram Post

CSLB's top post was published on Thursday, November 7, with a reach of 1,732 people, 2,310 views, 43 likes, 7 comments, and 18 shares.



Published post:

CSLB cited multiple individuals during undercover sting operations in Fillmore for allegedly advertising and operating without a license.

Read the full press release here --->

<https://www.cslb.ca.gov/Resources/PressReleases/2024/Ventura%20Sting.FINAL.pdf>

X Growth

This platform requires payment to collect analytics, which CSLB does not pay, so there are no additional statistics to provide. CSLB continues to post content to 3,106 followers.

LinkedIn Growth

PAO actively posts current job vacancies to LinkedIn, a business-oriented social networking site primarily used for professional networking. LinkedIn can increase exposure and act as an effective recruiting tool to attract quality employees for CSLB positions. CSLB has 1,191 followers. It received 5,645 page views from November 1, 2024, through January 31, 2025.

Email Alert Feature

CSLB has a website feature that allows people to subscribe to various email alerts. The total subscriber database currently is 192,894, which includes the Licensee Information database.

These include:

- Industry Bulletins
- CSLB Job Openings
- Public Meeting Notices/Agendas
- *California Licensed Contractor* Newsletters



- News Releases/Consumer Alerts
- Surveys
- Podcasts/webcasts
- Licensee Information
- Home Improvement Salespersons

Industry Bulletins

Important CSLB updates are issued in Industry Bulletins, which are emailed to those who signed up via CSLB’s email alerts and are also posted on CSLB’s website. Between November 1, 2024, and January 31, 2025, CSLB issued three Industry Bulletins related to CSLB’s 2025 California License Law & Reference Book publication and new law changes in 2024 affecting licensees, applicants and stakeholders.

Media Relations

Media Calls

Between November 1, 2024, and January 31, 2025, PAO responded to 22 media inquiries, providing information and/or interviews to a variety of media outlets. Inquiries were related to CSLB’s efforts to help homeowners and businesses after wildfires broke out in January in Los Angeles County, sting operations throughout the state, and other CSLB investigations.

News Releases

PAO issued seven news releases between November 1, 2024, and January 31, 2025. The releases covered CSLB sting operations and new laws taking effect in 2025.

Consumer/Community Outreach

Senior Scam StopperSM Seminars

CSLB’s Senior Scam StopperSM seminars have been offered throughout the state since 1999, in cooperation with legislators, state and local agencies, law enforcement, district attorneys, and community-based organizations. Seminars provide information about construction-related scams and how seniors, who are often preyed upon by unlicensed or unscrupulous contractors, can protect themselves when hiring a contractor. Sessions feature expert speakers from local, state, and federal agencies, who present broader topics on consumer and financial scams. CSLB remains committed to consumer protection by offering Senior Scam StopperSM seminars virtually and in-person.

The following outreach events were conducted from November 1, 2024, through January 31, 2025:

Date	Location	Legislative/Community Partner(s)
January 6, 2025	Vallejo	Florence Douglas Senior Center



Date	Location	Legislative/Community Partner(s)
January 16, 2025	San Jose	Councilmember Domingo Candelas
January 31, 2025	Montclair	Senator Susan Rubio

Publication/Graphic Design Services

Between November 1, 2024, through January 31, 2025, PAO’s Graphic Design Unit completed the following publications and reports.

Publications & Reports
December 12, 2024, Quarterly Board Meeting Packet
California Contractors License Law and Reference Book (2025 Edition)
Consumer Guide to Filing Construction Complaints
What You Should Know Before Hiring A Contractor brochure
What Seniors Should Know Before Hiring A Contractor brochure
Get Licensed to Build: A Guide to Becoming a California Licensed Contractor
Description of Classifications

Intranet/Employee Relations

CSLBin is the employee-only intranet site. Stories and photos highlight employee and organizational accomplishments. The site also contains the latest forms, policies, reports, and other information used by CSLB staff around the state. Between November 1, 2024, and January 31, 2025, PAO published 12 employee intranet articles.

Date Published	Title
11/1/2024	Halloween Contest Winners Announced
11/15/2024	CSLB Celebrates Chili Cook-Off Champs
11/22/2024	Enhance Your Interview Skills with CSLB's Career Consulting Class
12/6/2024	CSLB Board Meeting Scheduled for December 12



Date Published	Title
12/9/2024	CSLB Holiday Luncheon Celebrates Staff Dedication
12/23/2024	Support the State Employees Food Drive
1/2/2025	Happy New Year, DCA Team!
1/3/2025	Greeting CSLB Colleagues!
1/6/2025	Employee Spotlight: Special Investigator Delphine Tran Recognized for Excellence
1/13/2025	CSLB Hosting First Virtual Town Hall Meeting
1/21/2025	CSLB All Staff Town Hall: Your Feedback Matters
1/28/2025	2025 California Contractors License Law & Reference Book Now Available

Public Information Center Statistics

The Public Information Center includes both the Call Center and Public Counter. The two tables below show the statistical updates for the Call Center through January 31, 2025 and call data compared to prior years.

	Sep. 2024	Oct. 2024	Nov. 2024	Dec. 2024	Jan. 2025
Calls Received	12,524	13,419	10,178	10,981	18,487
Calls Answered	11,530	12,449	9,670	10,012	13,815
Calls Abandoned	994	970	508	969	4,672
Longest Wait Time	0:12:35	0:08:18	0:04:10	0:13:41	0:22:10
Shortest Wait Time	0:01:13	0:03:28	0:02:10	0:00:22	0:02:19
Avg. Wait Time	0:04:04	0:03:32	0:02:24	0:04:02	0:10:53



Public Information Center Call Data – Prior Calendar Years

Inbound Activity	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024
Calls Received	166,918	152,845	149,462	149,462	140,589	140,409	129,601	143,634
Calls Answered	147,074	137,270	136,776	98,044	116,304	119,693	99,706	132,753
Caller Abandoned	16,527	9,426	7,859	35,865	23,983	20,496	27,590	10,664
Avg. Longest Wait Time	0:01:36	0:10:48	0:08:33	0:46:23	0:33:56	0:34:45	0:37:13	0:13:42
Avg. Shortest Wait Time	0:00:12	0:01:04	0:00:48	0:04:23	0:03:11	0:01:24	0:06:49	0:01:06
Avg. Wait Time	0:06:46	0:04:21	0:03:34	0:25:27	0:14:38	0:11:06	0:18:26	0:03:43

AGENDA ITEM J

Adjournment

