

SEPTEMBER 20, 2018
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Draft Sunset Report





CONTRACTORS STATE LICENSE BOARD

2018 CSLB Sunset Review

Enclosed is the Sunset Review Advisory Committee's draft of CSLB's 2018 Sunset Review Report to the Legislature for full Board review, discussion, possible changes, and approval.

Each year, the Assembly Business and Professions Committee and the Senate Business, Professions and Economic Development Committee jointly hold Sunset Review Oversight Hearings to review the boards and bureaus under the Department of Consumer Affairs (DCA).

The sunset review process provides an opportunity for DCA, the Legislature, boards and bureaus, interested parties, and other stakeholders to discuss the performance of the boards and bureaus and make recommendations for improvements.

In 2018, CSLB is one of 10 DCA boards and bureaus scheduled for Sunset Review. In preparation for its hearing, CSLB is developing a comprehensive report detailing its work since the last sunset review in 2014, and identifying new issues. The report is due to the Legislature December 1, 2018.

At the June 2018 Board meeting, the Board authorized a two-person Board member advisory committee, comprised of Chair Marlo Richardson and Past Chair Kevin Albanese, to review and develop the Sunset Review Report and present the report to the full Board for review, discussion, and formal approval.

On August 3, 2018, the Executive, Enforcement, Legislative, Licensing, and Public Affairs committees met. Each committee reviewed and discussed the 2018 Sunset Review Report template with questions from the Legislature, the background paper drafted by the Legislature following CSLB's 2015 oversight hearing, the 2014 Sunset Review Report prepared by the Board and submitted to the Legislature, and new issues for possible inclusion in the report.

On September 5, 2018, the advisory committee on the Sunset Review, comprised of Marlo Richardson and Kevin Albanese, met to review an earlier draft of the report and provide their recommendations.

Committee Action: The committees made no motions. Each committee discussed proposed responses to prior issues and new issues under their respective purview. Committee member comments and suggestions were incorporated into the draft Sunset Review Report.

Advisory Committee Recommendation: That the Board review, make suggestions for changes, and approve the draft Sunset Review Report (does not yet include appendices and will be designed prior to submission to the Legislature) with authorization for staff to incorporate Board member recommendations and make final edits.

TABLE OF CONTENTS

PRELIMINARY 1	x
PRELIMINARY 2	x
PRELIMINARY 3	x
SECTION 1 – Background and Description of the Board and Regulated Profession.....	2
SECTION 2 – Performance Measures and Customer Satisfaction Surveys.....	24
SECTION 3 – Fiscal And Staff.....	27
SECTION 4 – Licensing Program	33
SECTION 5 – Enforcement Program	50
SECTION 6 – Public Information Policies	72
SECTION 7 – Online Practice Issues	76
SECTION 8 – Workforce Development and Job Creation.....	77
SECTION 9 – Current Issues.....	79
SECTION 10 – Board Action and Response to Prior Sunset Issues	80
SECTION 11 – New Issues	92
SECTION 12 – Attachments.....	97

Contractors State License Board Background Information and Overview of the Current Regulatory Program As of December 1, 2018

Section 1 – Background and Description of the Board and Regulated Profession

Provide a short explanation of the history and function of the board. Describe the occupations/profession that are licensed and/or regulated by the board (Practice Acts vs. Title Acts).

HISTORY

The California Contractors State License Board (CSLB) was established in 1929 by the Legislature as the Contractors' License Bureau, under the Department of Professional and Vocational Standards. It was formed to regulate the state's construction industry and protect the public from irresponsible contractors. In 1935, the agency's mission and duties were placed under the auspices of a seven-member Board.

In 1938, the Legislature mandated that contractor license applicants be examined for competence in their designated field. By 1947, the Board had been given authority to establish experience standards and to adopt rules and regulations to affect the classification of contractors in a manner consistent with established usage and procedure as found in the construction business.

Now classified as a board within the California Department of Consumer Affairs (DCA), CSLB operates with a 15-member Board and upholds its mission to protect consumers by regulating the construction industry through licensure, enforcement, and education.

FUNCTION

CSLB regulates contractors in 44 license classifications and two certifications under which members of the construction industry practice their trades. CSLB issues three license types: 1) general engineering; 2) general building; and 3) specialty contractor. The latter designation contains 42 different classifications, ranging from painting and well drilling to blasting. As of **June 2018**, there were approximately 283,000 licensed contractors (both active and inactive) in California.

CSLB's responsibility to enforce California's contractors' license law includes investigating complaints against licensed and unlicensed contractors; issuing citations and suspending or revoking licenses; seeking administrative, criminal, and civil sanctions against violators; and informing consumers, contractors, and the industry about CSLB actions.

To support its consumer protection and education objectives, CSLB provides 24/7 access to licensee information, construction guides and pamphlets, forms and applications, and a host of pertinent information about contracting and construction-related topics through its website (www.cslb.ca.gov) and its automated toll-free phone number (800-321-CSLB). CSLB's call center staff also support a toll-free hotline for victims of disasters Monday-Friday from 8:00 a.m. to 5:00 p.m.

COMPOSITION

The Governor appoints 11 Board members that require Senate confirmation and the Assembly Speaker and Senate Rules Committee each appoint two public members. The Board composition is:

- One “A” General Engineering contractor
- Two “B” General Building contractors
- Two “C” Specialty contractors
- One labor organization representative
- One local building official
- Eight public members, one of whom must represent a statewide senior citizen organization

1. Describe the make-up and functions of each of the board's committees (cf., Section 12, Attachment B).

CSLB currently has five standing committees: Enforcement, Executive, Legislative, Licensing, and Public Affairs. (Current committee membership is shown in attachment xx.) The Executive Committee is comprised of the Board Chair, Vice Chair, Secretary, and most recent Past Chair. Other committees are comprised of sitting Board members. Committees discuss various policy matters and formulate recommendations for consideration by the full Board. The Board reviews, discusses, and takes formal action at publicly noticed board and committee meetings, where the public has an opportunity to comment. These meetings are routinely webcast.

Table 1a. Attendance (By Member, Alphabetically)

KEVIN ALBANESE		Date Appointed: July 11, 2013 Reappointed July 25, 2017	
Meeting Type	Meeting Date	Meeting Location	Attended
Board Meeting	2/19/14	Burlingame	Y
Board Meeting	4/23-24/14	San Diego	N
Board Meeting	6/6/14	Newport Beach	N
Licensing Committee Meeting	8/18/14	Sacramento	Y
Enforcement Committee Meeting	8/18/14	Sacramento	Y
Board Meeting	9/23/14	Monterey	Y
Board Meeting	12/11/14	Berkeley	Y
Board Meeting	12/16/14	Sacramento	Y
Enforcement Committee Meeting	2/20/15	Sacramento	Y
Board Meeting	3/16/15	Glendale	Y
Licensing Committee Meeting	4/27/15	Sacramento	Y
Enforcement Committee Meeting	4/27/15	Sacramento	Y
Board Meeting	6/18-19/15	Fairfield	Y
Board Meeting	7/29/15	Sacramento	Y
Board Meeting	9/3/15	San Diego	Y
Licensing Committee Meeting	10/30/15	Sacramento	Y

Enforcement Committee Meeting	10/30/15	Sacramento	Y
Board Meeting	12/10/15	Brisbane	Y
Board Meeting	3/14-15/16	San Diego	Y
Board Meeting	4/6/16	Sacramento	Y
Enforcement Committee Meeting	5/10/16	Sacramento	Y
Licensing Committee Meeting	5/10/16	Sacramento	Y
Board Meeting	6/23-24/16	Garden Grove	Y
Board Meeting	9/19-20/16	Monterey	Y
Enforcement Committee Meeting	10/28/16	Sacramento	N
Public Affairs Committee Meeting	11/3/16	Sacramento	Y
Board Meeting	12/8/16	San Jose	Y
Enforcement Committee Meeting	2/10/17	Sacramento	N
Public Affairs Committee Meeting	2/17/17	Sacramento	Y
Board Meeting*	3/13-14/17	Sacramento	Y
Board Meeting	3/30/17	Sacramento	Y
Board Meeting	6/15-16/17	Garden Grove	Y
Board Meeting	9/29/17	Monterey	Y
Board Meeting	12/7/17	Brisbane	Y
Board Meeting	4/12-13/18	San Diego	Y
Board Meeting	6/7-6/8/18	Las Vegas / Sacramento	Y
Enforcement Committee Meeting	8/3/18	Sacramento	Y
Legislative Committee Meeting	8/3/18	Sacramento	Y
Executive Committee Meeting	8/3/18	Sacramento	Y
48-Hour Advance Teleconference Board Meeting	8/14/18	Various	Y
Board Meeting	9/20/18	Sacramento	

*Attended on 3/14/17

AGUSTIN "AUGIE" BELTRAN	Date Appointed: January 18, 2014 Reappointed May 10, 2017		
Meeting Type	Meeting Date	Meeting Location	Attended
Board Meeting	2/19/14	Burlingame	Y
Legislative Committee Meeting	4/16/14	Sacramento	Y
Board Meeting	4/23-24/14	San Diego	Y
Board Meeting	6/6/14	Newport Beach	Y
Executive Committee Meeting	7/30/14	Fairfield	Y
Legislative Committee Meeting	9/11/14	Sacramento	N
Board Meeting	9/23/14	Monterey	Y
Legislative Committee Meeting	11/6/14	Sacramento	Y
Board Meeting	12/11/14	Berkeley	Y
Board Meeting	12/16/14	Sacramento	Y
Legislative Committee Meeting	2/20/15	Sacramento	Y
Board Meeting	3/16/15	Glendale	Y
Legislative Committee Meeting	4/27/15	Sacramento	Y
Board Meeting	6/18-19/15	Fairfield	Y

Board Meeting	7/29/15	Sacramento	Y
Board Meeting	9/3/15	San Diego	Y
Board Meeting	12/10/15	Brisbane	Y
Executive Committee Meeting	2/4/16	Sacramento	Y
Board Meeting	3/14-15/16	San Diego	Y
Board Meeting	4/6/16	Sacramento	Y
Board Meeting	6/23-24/16	Garden Grove	Y
Board Meeting	9/19-20/16	Monterey	Y
Board Meeting	12/8/16	San Jose	Y
Board Meeting	3/13-14/17	Sacramento	Y
Board Meeting	3/30/17	Sacramento	Y
Board Meeting	6/15-16/17	Garden Grove	Y
Board Meeting	9/29/17	Monterey	Y
Legislative Committee Meeting	11/8/17	Sacramento	Y
Board Meeting	12/7/17	Brisbane	Y
Public Affairs Committee Meeting	3/2/18	Sacramento	Y
Legislative Committee Meeting	3/2/18	Sacramento	Y
Board Meeting	4/12-13/18	San Diego	Y
Board Meeting	6/7-6/8/18	Las Vegas / Sacramento	Y
Legislative Committee Meeting	8/3/18	Sacramento	Y
Enforcement Committee Meeting	8/3/18	Sacramento	Y
48-Hour Advance Teleconference Board Meeting	8/14/18	Various	Y
Board Meeting	9/20/18	Sacramento	

LINDA CLIFFORD	Date Appointed: July 11, 2013 Reappointed June 3, 2014 & June 15, 2018		
Meeting Type	Meeting Date	Meeting Location	Attended
Board Meeting	2/19/14	Burlingame	Y
Enforcement Committee Meeting	4/1/14	Sacramento	N
Legislative Committee Meeting	4/16/14	Sacramento	Y
Board Meeting	4/23-24/14	San Diego	N
Board Meeting	6/6/14	Newport Beach	Y
Licensing Committee Meeting	8/18/14	Sacramento	Y
Legislative Committee Meeting	9/11/14	Sacramento	Y
Board Meeting	9/23/14	Monterey	Y
Legislative Committee Meeting	11/6/14	Sacramento	Y
Board Meeting	12/11/14	Berkeley	Y
Board Meeting	12/16/14	Sacramento	N
Legislative Committee Meeting	2/20/15	Sacramento	Y
Board Meeting	3/16/15	Glendale	Y
Licensing Committee Meeting	4/27/15	Sacramento	Y
Legislative Committee Meeting	4/27/15	Sacramento	Y
Board Meeting	6/18-19/15	Fairfield	Y

Board Meeting	7/29/15	Sacramento	Y
Board Meeting	9/3/15	San Diego	Y
Licensing Committee Meeting	10/30/15	Sacramento	Y
Board Meeting	12/10/15	Brisbane	N
Executive Committee Meeting	2/4/16	Sacramento	Y
Board Meeting	3/14-15/16	San Diego	Y
Board Meeting	4/6/16	Sacramento	N
Licensing Committee Meeting	5/10/16	Sacramento	Y
Board Meeting	6/23-24/16	Garden Grove	Y
Board Meeting	9/19-20/16	Monterey	Y
Licensing Committee Meeting	10/28/16	Sacramento	Y
Board Meeting	12/8/16	San Jose	Y
Licensing Committee Meeting	2/10/17	Sacramento	Y
Board Meeting	3/13-14/17	Sacramento	Y
Board Meeting	3/30/17	Sacramento	Y
Board Meeting	6/15-16/17	Garden Grove	Y
Board Meeting	9/29/17	Monterey	Y
Legislative Committee Meeting	11/8/17	Sacramento	Y
Board Meeting	12/7/17	Brisbane	Y
Public Affairs Committee Meeting	3/2/18	Sacramento	Y
Legislative Committee Meeting	3/2/18	Sacramento	Y
Board Meeting	4/12-13/18	San Diego	Y
Board Meeting	6/7-6/8/18	Las Vegas / Sacramento	Y
Executive Committee Meeting	8/3/18	Sacramento	Y
Enforcement Committee Meeting	8/3/18	Sacramento	Y
Legislative Committee Meeting	8/3/18	Sacramento	Y
48-Hour Advance Teleconference Board Meeting	8/14/18	Various	Y
Board Meeting	9/20/18	Sacramento	

DAVID DE LA TORRE	Date Appointed: May 6, 2015 Reappointed September 16, 2016		
Meeting Type	Meeting Date	Meeting Location	Attended
Board Meeting	6/18-19/15	Fairfield	Y
Board Meeting	7/29/15	Sacramento	Y
Board Meeting	9/3/15	San Diego	Y
Licensing Committee Meeting	10/30/15	Sacramento	Y
Legislative Committee Meeting	10/30/15	Sacramento	Y
Board Meeting	12/10/15	Brisbane	Y
Board Meeting	3/14-15/16	San Diego	N
Board Meeting	4/6/16	Sacramento	Y
Licensing Committee Meeting	5/10/16	Sacramento	Y
Board Meeting	6/23-24/16	Garden Grove	Y
Board Meeting	9/19-20/16	Monterey	N

Licensing Committee Meeting	10/28/16	Sacramento	Y
Public Affairs Committee Meeting	11/3/16	Sacramento	N
Board Meeting	12/8/16	San Jose	N
Licensing Committee Meeting	2/10/17	Sacramento	Y
Public Affairs Committee Meeting	2/17/17	Sacramento	Y
Board Meeting	3/13-14/17	Sacramento	Y
Board Meeting	3/30/17	Sacramento	Y
Board Meeting	6/15-16/17	Garden Grove	Y
Board Meeting	9/29/17	Monterey	Y
Legislative Committee Meeting	11/8/17	Sacramento	N
Board Meeting	12/7/17	Brisbane	Y
Public Affairs Committee Meeting	3/2/18	Sacramento	Y
Legislative Committee Meeting	3/2/18	Sacramento	Y
Board Meeting	4/12-13/18	San Diego	Y
Board Meeting	6/7-6/8/18	Las Vegas / Sacramento	Y
Licensing Committee Meeting	8/3/18	Sacramento	Y
Public Affairs Committee Meeting	8/3/18	Sacramento	Y
48-Hour Advance Teleconference Board Meeting	8/14/18	Various	N
Board Meeting	9/20/18	Sacramento	

DAVID DIAS	Date Appointed: April 1, 2011 Reappointed June 7, 2012 & June 2, 2016		
Meeting Type	Meeting Date	Meeting Location	Attended
Board Meeting	2/19/14	Burlingame	Y
Board Meeting	4/23-24/14	San Diego	Y
Board Meeting	6/6/14	Newport Beach	Y
Executive Committee Meeting	7/30/14	Fairfield	Y
Board Meeting	9/23/14	Monterey	Y
Board Meeting	12/11/14	Berkeley	Y
Board Meeting	12/16/14	Sacramento	Y
Board Meeting	3/16/15	Glendale	Y
Board Meeting	6/18-19/15	Fairfield	Y
Board Meeting	7/29/15	Sacramento	Y
Board Meeting	9/3/15	San Diego	Y
Enforcement Committee Meeting	10/30/15	Sacramento	N
Public Affairs Committee Meeting	10/30/15	Sacramento	N
Board Meeting	12/10/15	Brisbane	Y
Executive Committee Meeting	2/4/16	Sacramento	Y
Board Meeting	3/14-15/16	San Diego	Y
Board Meeting	4/6/16	Sacramento	Y
Enforcement Committee Meeting	5/10/16	Sacramento	Y
Board Meeting	6/23-24/16	Garden Grove	Y
Board Meeting	9/19-20/16	Monterey	Y

Public Affairs Committee Meeting	11/3/16	Sacramento	Y
Legislative Committee Meeting	11/3/16	Sacramento	Y
Board Meeting	12/8/16	San Jose	Y
Legislative Committee Meeting	2/17/17	Sacramento	Y
Public Affairs Committee Meeting	2/17/17	Sacramento	Y
Board Meeting	3/13-14/17	Sacramento	Y
Board Meeting	3/30/17	Sacramento	Y
Legislative Committee Meeting	5/19/17	Sacramento	Y
Board Meeting	6/15-16/17	Garden Grove	N
Board Meeting	9/29/17	Monterey	Y
Enforcement Committee Meeting	11/3/17	Sacramento	Y
Licensing Committee Meeting	11/3/17	Sacramento	Y
Board Meeting	12/7/17	Brisbane	Y
Licensing Committee Meeting	2/23/18	Sacramento	Y
Enforcement Committee Meeting	2/23/18	Sacramento	Y
Board Meeting	4/12-13/18	San Diego	Y
Board Meeting	6/7-6/8/18	Las Vegas / Sacramento	Y
Enforcement Committee Meeting	8/3/18	Sacramento	Y
Legislative Committee Meeting	8/3/18	Sacramento	Y
48-Hour Advance Teleconference Board Meeting	8/14/18	Various	Y
Board Meeting	9/20/18	Sacramento	

SUSAN GRANZELLA		Date Appointed: October 13, 2014 Reappointed June 2, 2016	
Meeting Type	Meeting Date	Meeting Location	Attended
Board Meeting	12/11/14	Berkeley	Y
Board Meeting	12/16/14	Sacramento	Y
Board Meeting	3/16/15	Glendale	Y
Board Meeting	6/18-19/15	Fairfield	Y
Board Meeting	7/29/15	Sacramento	Y
Board Meeting	9/3/15	San Diego	Y
Licensing Committee Meeting	10/30/15	Sacramento	Y
Board Meeting	12/10/15	Brisbane	Y
Board Meeting	3/14-15/16	San Diego	N
Board Meeting	4/6/16	Sacramento	Y
Licensing Committee Meeting	5/10/16	Sacramento	Y
Board Meeting	6/23-24/16	Garden Grove	Y
Board Meeting	9/19-20/16	Monterey	Y
Licensing Committee Meeting	10/28/16	Sacramento	Y
Enforcement Committee Meeting	10/28/16	Sacramento	Y
Board Meeting	12/8/16	San Jose	Y
Licensing Committee Meeting	2/10/17	Sacramento	Y
Enforcement Committee Meeting	2/10/17	Sacramento	Y

Board Meeting	3/13-14/17	Sacramento	Y
Board Meeting	3/30/17	Sacramento	Y
Board Meeting	6/15-16/17	Garden Grove	Y
Board Meeting	9/29/17	Monterey	Y
Legislative Committee Meeting	11/8/17	Sacramento	Y
Board Meeting	12/7/17	Brisbane	Y
Public Affairs Committee Meeting	3/2/18	Sacramento	Y
Legislative Committee Meeting	3/2/18	Sacramento	Y
Board Meeting	4/12-13/18	San Diego	Y
Board Meeting	6/7-6/8/18	Las Vegas / Sacramento	Y
Enforcement Committee Meeting	8/3/18	Sacramento	Y
Legislative Committee Meeting	8/3/18	Sacramento	Y
48-Hour Advance Teleconference Board Meeting	8/14/18	Various	Y
Board Meeting	9/20/18	Sacramento	

JOAN HANCOCK	Date Appointed: November 14, 2007 Reappointed July 29, 2011 & June 2, 2015		
Meeting Type	Meeting Date	Meeting Location	Attended
Board Meeting	2/19/14	Burlingame	Y
Board Meeting	4/23-24/14	San Diego	Y
Board Meeting	6/6/14	Newport Beach	Y
Executive Committee Meeting	7/30/14	Fairfield	Y
Public Affairs Committee Meeting	8/18/14	Sacramento	Y
Legislative Committee Meeting	9/11/14	Sacramento	Y
Board Meeting	9/23/14	Monterey	Y
Legislative Committee Meeting	11/6/14	Sacramento	Y
Board Meeting	12/11/14	Berkeley	Y
Board Meeting	12/16/14	Sacramento	Y
Legislative Committee Meeting	2/20/15	Sacramento	Y
Board Meeting	3/16/15	Glendale	Y
Legislative Committee Meeting	4/27/15	Sacramento	Y
Public Affairs Committee Meeting	4/27/15	Sacramento	Y
Board Meeting	6/18-19/15	Fairfield	Y
Board Meeting	7/29/15	Sacramento	Y
Board Meeting	9/3/15	San Diego	Y
Legislative Committee Meeting	10/30/15	Sacramento	Y
Public Affairs Committee Meeting	10/30/15	Sacramento	Y
Board Meeting	12/10/15	Brisbane	Y
Board Meeting	3/14-15/16	San Diego	Y
Board Meeting	4/6/16	Sacramento	Y
Board Meeting	6/23-24/16	Garden Grove	Y
Board Meeting	9/19-20/16	Monterey	Y
Enforcement Committee Meeting	10/28/16	Sacramento	Y

Legislative Committee Meeting	11/3/16	Sacramento	N
Board Meeting	12/8/16	San Jose	Y
Enforcement Committee Meeting	2/10/17	Sacramento	Y
Legislative Committee Meeting	2/17/17	Sacramento	Y
Board Meeting	3/13-14/17	Sacramento	Y
Board Meeting	3/30/17	Sacramento	Y
Legislative Committee Meeting	5/19/17	Sacramento	Y
Board Meeting	6/15-16/17	Garden Grove	N
Board Meeting	9/29/17	Monterey	Y
Legislative Committee Meeting	11/8/17	Sacramento	Y
Board Meeting	12/7/17	Brisbane	Y
Public Affairs Committee Meeting	3/2/18	Sacramento	Y
Legislative Committee Meeting	3/2/18	Sacramento	Y
Board Meeting	4/12-13/18	San Diego	Y
Board Meeting	6/7-6/8/18	Las Vegas / Sacramento	Y
Licensing Committee Meeting	8/3/18	Sacramento	Y
Public Affairs Committee Meeting	8/3/18	Sacramento	Y
48-Hour Advance Teleconference Board Meeting	8/14/18	Various	Y
Board Meeting	9/20/18	Sacramento	

MICHAEL LAYTON	Date Appointed: September 16, 2016		
Meeting Type	Meeting Date	Meeting Location	Attended
Board Meeting*	9/19-20/16	Monterey	Y
Licensing Committee Meeting	10/28/16	Sacramento	Y
Public Affairs Committee Meeting	11/3/16	Sacramento	Y
Legislative Committee Meeting	11/3/16	Sacramento	Y
Board Meeting	12/8/16	San Jose	Y
Licensing Committee Meeting	2/10/17	Sacramento	N
Legislative Committee Meeting	2/17/17	Sacramento	N
Board Meeting	3/13-14/17	Sacramento	Y
Board Meeting	3/30/17	Sacramento	N
Legislative Committee Meeting	5/19/17	Sacramento	N
Board Meeting	6/15-16/17	Garden Grove	Y
Board Meeting	9/29/17	Monterey	N
Legislative Committee Meeting	11/8/17	Sacramento	N
Board Meeting	12/7/17	Brisbane	Y
Public Affairs Committee Meeting	3/2/18	Sacramento	Y
Legislative Committee Meeting	3/2/18	Sacramento	Y
Board Meeting	4/12-13/18	San Diego	Y
Board Meeting	6/7-6/8/18	Las Vegas / Sacramento	Y
Licensing Committee Meeting	8/3/18	Sacramento	Y
Public Affairs Committee Meeting	8/3/18	Sacramento	Y

48-Hour Advance Teleconference Board Meeting	8/14/18	Various	N
Board Meeting	9/20/18	Sacramento	

*Attended on 9/19/16

MARLO RICHARDSON		Date Appointed: May 21, 2015 Reappointed June 2, 2016	
Meeting Type	Meeting Date	Meeting Location	Attended
Board Meeting	6/18-19/15	Fairfield	Y
Board Meeting	7/29/15	Sacramento	Y
Board Meeting	9/3/15	San Diego	Y
Enforcement Committee Meeting	10/30/15	Sacramento	Y
Public Affairs Committee Meeting	10/30/15	Sacramento	Y
Board Meeting	12/10/15	Brisbane	Y
Board Meeting	3/14-15/16	San Diego	Y
Board Meeting	4/6/16	Sacramento	Y
Enforcement Committee Meeting	5/10/16	Sacramento	N
Board Meeting	6/23-24/16	Garden Grove	Y
Board Meeting	9/19-20/16	Monterey	Y
Enforcement Committee Meeting	10/28/16	Sacramento	Y
Board Meeting	12/8/16	San Jose	N
Enforcement Committee Meeting	2/10/17	Sacramento	Y
Board Meeting	3/13-14/17	Sacramento	Y
Board Meeting	3/30/17	Sacramento	N
Board Meeting	6/15-16/17	Garden Grove	Y
Board Meeting	9/29/17	Monterey	Y
Enforcement Committee Meeting	11/3/17	Sacramento	N
Licensing Committee Meeting	11/3/17	Sacramento	N
Board Meeting	12/7/17	Brisbane	Y
Licensing Committee Meeting	2/23/18	Sacramento	Y
Enforcement Committee Meeting	2/23/18	Sacramento	Y
Board Meeting	4/12-13/18	San Diego	Y
Board Meeting	6/7-6/8/18	Las Vegas / Sacramento	Y
Executive Committee Meeting	8/3/18	Sacramento	Y
48-Hour Advance Teleconference Board Meeting	8/14/18	Various	Y
Board Meeting	9/20/18	Sacramento	

FRANK SCHETTER		Date Appointed: August 12, 2011 Reappointed June 2, 2015	
Meeting Type	Meeting Date	Meeting Location	Attended
Board Meeting	2/19/14	Burlingame	Y
Enforcement Committee Meeting	4/1/14	Sacramento	Y
Board Meeting	4/23-24/14	San Diego	Y
Board Meeting	6/6/14	Newport Beach	N

Licensing Committee Meeting	8/18/14	Sacramento	Y
Enforcement Committee Meeting	8/18/14	Sacramento	Y
Board Meeting	9/23/14	Monterey	Y
Board Meeting	12/11/14	Berkeley	Y
Board Meeting	12/16/14	Sacramento	Y
Enforcement Committee Meeting	2/20/15	Sacramento	Y
Board Meeting	3/16/15	Glendale	Y
Licensing Committee Meeting	4/27/15	Sacramento	Y
Enforcement Committee Meeting	4/27/15	Sacramento	Y
Board Meeting	6/18-19/15	Fairfield	Y
Board Meeting	7/29/15	Sacramento	Y
Board Meeting	9/3/15	San Diego	Y
Licensing Committee Meeting	10/30/15	Sacramento	N
Enforcement Committee Meeting	10/30/15	Sacramento	N
Board Meeting	12/10/15	Brisbane	Y
Board Meeting	3/14-15/16	San Diego	Y
Board Meeting	4/6/16	Sacramento	Y
Enforcement Committee Meeting	5/10/16	Sacramento	Y
Licensing Committee Meeting	5/10/16	Sacramento	Y
Board Meeting	6/23-24/16	Garden Grove	Y
Board Meeting	9/19-20/16	Monterey	Y
Licensing Committee Meeting	10/28/16	Sacramento	Y
Enforcement Committee Meeting	10/28/16	Sacramento	Y
Board Meeting	12/8/16	San Jose	Y
Licensing Committee Meeting	2/10/17	Sacramento	Y
Enforcement Committee Meeting	2/10/17	Sacramento	Y
Board Meeting	3/13-14/17	Sacramento	Y
Board Meeting	3/30/17	Sacramento	Y
Board Meeting*	6/15-16/17	Garden Grove	N
Board Meeting	9/29/17	Monterey	N
Enforcement Committee Meeting	11/3/17	Sacramento	N
Licensing Committee Meeting	11/3/17	Sacramento	N
Board Meeting	12/7/17	Brisbane	Y
Licensing Committee Meeting	2/23/18	Sacramento	Y
Enforcement Committee Meeting	2/23/18	Sacramento	Y
Board Meeting	4/12-13/18	San Diego	Y
Board Meeting	6/7-6/8/18	Las Vegas / Sacramento	Y
Licensing Committee Meeting	8/3/18	Sacramento	Y
Public Affairs Committee Meeting	8/3/18	Sacramento	Y
48-Hour Advance Teleconference Board Meeting	8/14/18	Various	Y
Board Meeting	9/20/18	Sacramento	

JOHNNY SIMPSON	Date Appointed: February 25, 2015 Reappointed July 8, 2015
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Meeting Type	Meeting Date	Meeting Location	Attended
Board Meeting	3/16/15	Glendale	Y
Enforcement Committee Meeting	4/27/15	Sacramento	N
Board Meeting	6/18-19/15	Fairfield	Y
Board Meeting	7/29/15	Sacramento	Y
Board Meeting	9/3/15	San Diego	Y
Licensing Committee Meeting	10/30/15	Sacramento	N
Enforcement Committee Meeting	10/30/15	Sacramento	N
Board Meeting	12/10/15	Brisbane	Y
Board Meeting	3/14-15/16	San Diego	Y
Board Meeting	4/6/16	Sacramento	N
Enforcement Committee Meeting	5/10/16	Sacramento	Y
Licensing Committee Meeting	5/10/16	Sacramento	Y
Board Meeting	6/23-24/16	Garden Grove	Y
Board Meeting	9/19-20/16	Monterey	N
Licensing Committee Meeting	10/28/16	Sacramento	Y
Legislative Committee Meeting	11/3/16	Sacramento	N
Board Meeting	12/8/16	San Jose	N
Licensing Committee Meeting	2/10/17	Sacramento	Y
Legislative Committee Meeting	2/17/17	Sacramento	Y
Board Meeting	3/13-14/17	Sacramento	Y
Board Meeting	3/30/17	Sacramento	N
Legislative Committee Meeting	5/19/17	Sacramento	N
Board Meeting	6/15-16/17	Garden Grove	Y
Board Meeting	9/29/17	Monterey	Y
Enforcement Committee Meeting	11/3/17	Sacramento	Y
Licensing Committee Meeting	11/3/17	Sacramento	Y
Board Meeting	12/7/17	Brisbane	Y
Licensing Committee Meeting	2/23/18	Sacramento	Y
Enforcement Committee Meeting	2/23/18	Sacramento	Y
Board Meeting	4/12-13/18	San Diego	N
Board Meeting	6/7-6/8/18	Las Vegas / Sacramento	Y
Executive Committee Meeting	8/3/18	Sacramento	Y
Enforcement Committee Meeting	8/3/18	Sacramento	Y
Legislative Committee Meeting	8/3/18	Sacramento	Y
48-Hour Advance Teleconference Board Meeting	8/14/18	Various	Y
Board Meeting	9/20/18	Sacramento	

NANCY SPRINGER		Date Appointed: September 19, 2013 Reappointed July 25, 2017	
Meeting Type	Meeting Date	Meeting Location	Attended
Board Meeting	2/19/14	Burlingame	Y
Legislative Committee Meeting	4/16/14	Sacramento	Y

Board Meeting	4/23-24/14	San Diego	Y
Board Meeting	6/6/14	Newport Beach	Y
Public Affairs Committee Meeting	8/18/14	Sacramento	N
Legislative Committee Meeting	9/11/14	Sacramento	Y
Board Meeting	9/23/14	Monterey	N
Legislative Committee Meeting	11/6/14	Sacramento	Y
Board Meeting	12/11/14	Berkeley	Y
Board Meeting	12/16/14	Sacramento	Y
Legislative Committee Meeting	2/20/15	Sacramento	Y
Board Meeting	3/16/15	Glendale	Y
Legislative Committee Meeting	4/27/15	Sacramento	Y
Public Affairs Committee Meeting	4/27/15	Sacramento	Y
Board Meeting	6/18-19/15	Fairfield	Y
Board Meeting	7/29/15	Sacramento	N
Board Meeting	9/3/15	San Diego	Y
Enforcement Committee Meeting	10/30/15	Sacramento	Y
Public Affairs Committee Meeting	10/30/15	Sacramento	Y
Board Meeting	12/10/15	Brisbane	Y
Board Meeting	3/14-15/16	San Diego	Y
Board Meeting	4/6/16	Sacramento	Y
Enforcement Committee Meeting	5/10/16	Sacramento	N
Board Meeting	6/23-24/16	Garden Grove	Y
Board Meeting	9/19-20/16	Monterey	Y
Public Affairs Committee Meeting	11/3/16	Sacramento	Y
Legislative Committee Meeting	11/3/16	Sacramento	Y
Board Meeting	12/8/16	San Jose	Y
Legislative Committee Meeting	2/17/17	Sacramento	Y
Public Affairs Committee Meeting	2/17/17	Sacramento	Y
Board Meeting*	3/13-14/17	Sacramento	Y
Board Meeting	3/30/17	Sacramento	Y
Legislative Committee Meeting	5/19/17	Sacramento	N
Board Meeting	6/15-16/17	Garden Grove	Y
Board Meeting	9/29/17	Monterey	Y
Enforcement Committee Meeting	11/3/17	Sacramento	Y
Licensing Committee Meeting	11/3/17	Sacramento	Y
Board Meeting	12/7/17	Brisbane	Y
Licensing Committee Meeting	2/23/18	Sacramento	Y
Enforcement Committee Meeting	2/23/18	Sacramento	Y
Board Meeting	4/12-13/18	San Diego	Y
Board Meeting	6/7-6/8/18	Las Vegas / Sacramento	Y
Licensing Committee Meeting	8/3/18	Sacramento	Y
Public Affairs Committee Meeting	8/3/18	Sacramento	Y
48-Hour Advance Teleconference Board Meeting	8/14/18	Various	Y

*Attended on 3/14/17

Table 1b. Board/Committee Member Roster (Includes Vacancies)					
Member Name	Date	Date	Date Term	Appointing	Type
Albanese, Kevin J.	7/11/13	7/25/17	6/1/21	Governor	Professional ("B" License)
Beltran, Agustin	1/18/14	5/10/17	6/1/21	Senate	Public
Clifford, Linda	7/11/13	6/3/14; 6/15/18	6/1/22	Governor	Professional ("A" License)
De La Torre, David	5/6/15	9/16/16	6/1/20	Assembly	Public
Dias, David	4/1/11	6/7/12; 6/2/16	6/1/20	Governor	Public (Laborer)
Granzella, Susan	10/13/14	6/2/16	6/1/20	Governor	Public
Hancock, Joan	11/14/07	6/29/11; 6/2/15	6/1/19	Governor	Professional ("B" License)
Layton, Michael	9/16/16	n/a	6/1/20	Assembly	Public
Richardson, Marlo	5/21/15	6/2/16	6/1/20	Governor	Public
Schetter, Frank	8/12/11	6/2/15	6/1/19	Governor	Professional ("C" License)
Simpson, Johnny	2/25/15	7/8/15	6/1/19	Senate	Public
Springer, Nancy	9/19/13	7/25/17	6/1/21	Governor	Public (Building Official)
Vacant (Last Held by Paul Schifino)			6/1/17	Governor	Professional ("C" License)
Vacant (Last Held by Pastor Herrera, Jr.)			6/1/18	Governor	Public
Vacant (Last Held by Ed Lang)			6/1/18	Governor	Public (Senior Citizen)

2. In the past four years, was the board unable to hold any meetings due to lack of quorum? If so, please describe. Why? When? How did it impact operations?

CSLB has had a quorum at all meetings.

3. Describe any major changes to the board since the last Sunset Review, including, but not limited to:

- Internal changes (i.e., reorganization, relocation, change in leadership, strategic planning)

Change in CSLB Leadership

Since CSLB's last Sunset Review in 2015, there have been several leadership changes among its executive team. CSLB's current executive leadership consists of:

Incumbent	Position	Appointment Date
David Fogt	Registrar of Contractors	May 2, 2017
Tonya Corcoran	Chief Deputy Registrar	July 14, 2017
Michael Melliza	Chief of Administration	July 15, 2016

Missy Vickrey	Chief of Enforcement	September 1, 2017
John Cleveland	Chief of Information Technology	December 1, 2017
Michael Jamnetski	Chief of Legislation	October 2, 2017
Vacant	Chief of Licensing	TBD
Rick Lopes	Chief of Public Affairs	November 19, 2007

The Board annually elects a Chair, Vice Chair, and Secretary at publicly noticed Board meetings. Board members serve a one-year term at the start of each fiscal year. For July 1, 2018 through June 30, 2019, Marlo Richardson serves as the Board Chair. The chart below reflects Board officers from FY 2014-15 through FY 2018-19.

Board Officers

Date	Title	Name	Member Type
FY 2014-2015			
	Chair	Dave Dias	Labor Representative
	Vice Chair	Ed Lang	Public Member (Senior Citizen Organization)
	Secretary	Augie Beltran	Public Member
FY 2015-2016			
	Chair	Ed Lang	Public Member (Senior Citizen Organization)
	Vice Chair	Augie Beltran	Public Member
	Secretary	Linda Clifford	"A" General Engineering Contractor
FY 2016-2017			
	Chair	Augie Beltran	Public Member
	Vice Chair	Kevin J. Albanese	"B" General Building Contractor
	Secretary	Marlo Richardson	Public Member
FY 2017-2018			
	Chair	Kevin J. Albanese	"B" General Building Contractor
	Vice Chair	Marlo Richardson	Public Member
	Secretary	Johnny Simpson	Public Member
FY 2018-2019			
	Chair	Marlo Richardson	Public Member
	Vice Chair	Johnny Simpson	Public Member
	Secretary	Linda Clifford	"A" General Engineering Contractor

Strategic Planning

In 2018, the Board completed development of its new 2019-21 strategic plan. As part of the strategic review process a survey of Board members, staff, and stakeholders was conducted. The plan was a joint effort between Board members and staff and included public input. Objectives were developed in the areas of Enforcement, Executive, Legislative, Licensing & Testing, and Public Affairs. Strategic plan objectives are reviewed, and progress is reported at board and committee meetings. Copies of strategic plans since the last Sunset Review are included as attachment **xx**. Also, the board annually prepares an *Accomplishments & Activities Report*. Copies of these reports from 2014 to 2017 are included as attachment **xx**.

- All legislation sponsored by the board and affecting the board since the last sunset review.

In addition to sponsoring legislation on behalf of CSLB, the board's Legislative division screens all bills introduced by the Legislature to determine if they affect CSLB, consumers, or the construction industry. Over the last four years, the following bills were either sponsored or closely monitored by CSLB. CSLB-sponsored legislation is indicated with an asterisk (*). While the legislation below may have amended many California state codes, the summaries only reference the amended code sections that relate to CSLB operations.

2015 Legislation

SB 467 (Hill, Chapter 656, Statutes of 2015) Extends the sunset date of CSLB for four years, until January 1, 2020. Eliminates the existing requirement that applicants possess \$2,500 in operating capital, and increases the amount of the required contractor bond by \$2,500 – from \$12,500 to \$15,000. *Amends Sections 7071.6 repeals Section 7067.5 of the Business and Professions Code (BPC).*

SB 560 (Monning, Chapter 389, Statutes of 2015)* Authorizes CSLB Enforcement Representatives to issue a written Notice to Appear (NTA) to individuals who fail to secure workers' compensation insurance. (An NTA is a court order mandating an individual's presence at a hearing, on a specified date, to answer to a misdemeanor charge.) *Amends 7011.4, and 7125.4 of the BPC.*

SB 561 (Monning, Chapter 281, Statutes of 2015)* Eliminates the requirement that a home improvement salesperson (HIS) separately register to work for each contractor and, instead, allows a properly registered HIS to utilize his or her individual registration with one or more licensed contractors. *Amends Sections 7067.6, 7152, 7153, 7153.2, 7153.3, 7154, 7155.5, and 7156 of, and adds Section 7156.6 to the BPC.*

2016 Legislation

AB 1793 (Holden, Chapter 244, Statutes of 2016) Revises the criteria for the court to consider when determining if a contractor substantially complied with licensing law, pursuant to a disgorgement action in civil court. Replaces the requirement that a contractor did not know or reasonably should not have known that he or she was not duly licensed with the requirement that the contractor acted promptly and in good faith to remedy the failure to comply with the licensure requirements upon learning of that failure. *Amends Section 7031 of the BPC.*

AB 2486 (Baker, Chapter 270, Statutes of 2016) Requires CSLB to add a feature to its online license lookup feature to allow for a search by either zip code or geographic location. *Adds section 7018 to the BPC.*

AB 2859 (Low, Chapter 473, Statutes of 2016) Authorizes boards within the Department of Consumer Affairs to create a retired license category. *Adds Section 464 to the BPC.*

SB 66 (Leyva, Chapter 770, Statutes of 2016) Requires the Department of Consumer Affairs, upon request from the Chancellor's Office of the California Community Colleges, to collect identifying information on all licensees in order to measure outcomes of career technical training programs. *Amends Section 30 of the BPC.*

SB 465 (Hill, Chapter 372, Statutes of 2016) Requires the Division of Occupational Safety and Health, after consultation with CSLB, to forward to CSLB copies of any citations or other

actions involving a serious illness or injury taken by DOSH against a contractor. Also requires a licensee to report to CSLB any criminal conviction. Also requires CSLB to conduct a study to determine if its public protection mission would be enhanced by requiring licensees to report settlement information to CSLB. *Amends Sections 7021 and 7071.18 of the BPC.*

SB 661 (Hill, Chapter 809, Statutes of 2016) Enacts the “Dig Safe Act of 2016” and makes several changes to existing requirements for excavation procedures. Also establishes the California Underground Facilities Safe Excavation Advisory Board within the Office of the State Fire Marshall to investigate violations of the state’s excavation and subsurface installation laws, coordinate education and outreach, and develop standards. *Amends Section 4216 through 4216.24 of the Government Code (GC) and Section 955.5 of the Public Utilities Code.*

SB 1039 (Hill, Chapter 799, Statutes of 2016)* Raises by 15 percent most fees CSLB is authorized to charge applicants and licensees (also amends numerous other sections of law unrelated to CSLB). *Amends 7137 and 7153.3 of the BPC.*

SB 1209 (Morrell, Chapter 152, Statutes of 2016)* Provides that citations issued against a licensed contractor follow the contractor if he or she is issued another license, and authorizes the disclosure of these citations within existing disclosure timeframes. *Amends Section 7124.6 of the BPC.*

SB 1479 (Business, Professions and Economic Development Committee, Chapter 634, Statutes of 2016)* Eliminates an existing law that voided an application for a license after an applicant failed to reschedule an exam within 90 days of cancellation, or twice failed to appear for an exam. The bill also revises requirements for a blanket performance and payment bond. *Amends Sections 7074 and 7159.5 of the BPC.*

2017 Legislation

AB 1070 (Gonzalez Fletcher, Chapter 662, Statutes of 2017) Requires CSLB, in collaboration with the Public Utilities Commission, to develop and make available on its website a “solar energy system disclosure document” for solar energy customers (by July 1, 2018), compile an annual report documenting consumer complaints related to solar contractors (by July 1, 2019), and develop standardized inputs and assumptions to be used in the calculation and presentation of electric utility bill savings to a consumer (by July 1, 2019). *Adds Sections 7169 and 7170 of the BPC.*

AB 1278 (Low, Chapter 506, Statutes of 2017) Clarifies that, if a judgment is entered against a licensed contractor, the licensee's qualifier or personnel of record at the time the activities occurred on which the judgment is based, rather than when the judgment is entered, is prohibited from serving on another license as a qualifier or other personnel of record, and makes other clarifying changes. *Amends Section 7071.17 of the BPC.*

AB 1284 (Dababneh, Chapter 475, Statutes of 2017) Establishes requirements for Property Assessed Clean Energy (PACE) program administrators that must be met before PACE assessment contracts may be funded and recorded by a public agency; renames the California Finance Lenders Law the California Financing Law (CFL); requires that PACE program administrators be licensed under the CFL; and establishes a regulatory scheme for the oversight of PACE solicitors and PACE solicitor agents. *Significant amendments to various sections of the Financial Code.*

AB 1357 (Chu, Chapter 508, Statutes of 2017) Exempts a licensed roofing contractor, if certain conditions are met, from the provisions related to a home inspector that prohibit repairs to a structure on which the inspector, or the inspector's company, has prepared a home inspection report in the past 12 months. *Amends Section 7197 of the BPC.*

SB 242 (Skinner, Chapter 484, Statutes of 2017) Establishes requirements for third-party program administrators of Property Assessed Clean Energy (PACE) programs. Also provides that it is unlawful to begin work under a home improvement contract and that the contract is unenforceable if the property owner entered into the contract based on the reasonable belief that the work would be covered by the PACE program and the property owner applies for, accepts, and cancels PACE financing within the three-day right to cancel period established in existing law. *Significant amendments to the Streets and Highways Code.*

SB 486 (Monning, Chapter 308, Statutes of 2017)* Authorizes CSLB to issue letters of admonishment to an applicant, licensee, or registrant rather than issuing a citation, and sets specific conditions for issuing letters. The bill also establishes process for recipients to contest the letter. *Amends Sections 7099.2 and 7124.6 of the BPC.*

SB 800 (Committee on Business, Professions and Economic Development, Chapter 573, Statutes 2017)* Clarified that a contractor license cannot be acquired in an "asset sale," and requires that CSLB provide licensees' federal employee identification numbers or Social Security numbers to the Franchise Tax Board. *Amends Sections 7075.1, 7145.5, and 7197 of the BPC.*

2018 Legislation [Mike: update depending on outcome of leg session]

SB 721 (Hill, 2018, Pending) In response to the June 2015 Berkeley balcony collapse, this bill would require the inspection of "exterior elevated elements" that: 1) include "load-bearing components"; and 2) are in buildings containing three or more "multifamily dwelling units." The requirement would also apply to common interest developments, as defined in the California Civil Code. The person or business performing the inspection would be hired by the building owner in the case of multifamily dwelling units or, in the case of common interest developments, by its board of directors. It would provide that local enforcement agencies enforce the provisions and cover costs in the form of civil penalties for failure to comply. *Amends the Civil Code and Health and Safety Code.*

SB 981 (Dodd, 2018, Pending) Current law prohibits a water treatment device sold through a home solicitation contract from being delivered or installed during the consumer's "three-day right to rescind." This bill would remove that requirement and allow for such installations. If the consumer subsequently rescinds the contract within the three-day period, the seller would be responsible for the costs to remove the device or any material and to return the property to its same condition prior to the contract. *Amends Section 17577.3 of the BPC.*

SB 1042 (Monning, Chapter 110, Statutes of 2018)* Authorizes the CSLB registrar, when appropriate, to "settle" less egregious administrative citations prior to an administrative hearing, using an informal citation resolution process to provide for more efficient and less expensive resolution of citations for all parties. The informal process would not be subject to the requirements of the Administrative Procedure Act and the person cited would not surrender the right to request an administrative hearing. *Adds Section 7099.8 to the BPC.*

SB 1087 (Roth, 2018, Pending) A “clean-up” to 2017’s AB 1284 (Dababneh), which required the licensing and regulation of Property Assessed Clean Energy (PACE) program administrators by the Department of Business Oversight (DBO). The bill addresses consumer protection concerns and provides for discipline of PACE solicitors and solicitor agents by both CSLB and DBO, which AB 1284 did not include. *Amends the Financial Code and the Streets and Highways Code.*

SB 1465 (Hill, 2018, Pending) In response to the June 2015 Berkeley balcony collapse, this bill would require contractors and insurers to report to CSLB any final civil judgments, settlements, or arbitration awards involving damage claims for construction defects in multi-family residential structures that meet specified criteria. *Adds Sections 7071.20, 7071.21, and 7071.22 to the BPC.*

AB 2138 (Chiu and Low, 2018, Pending) Would prohibit an applicant from being denied a license solely because he or she has been convicted of specified crimes. Authorizes a board to deny a license on the basis of a conviction if it occurred within seven years from the date of application, regardless of incarceration status, if the crime is substantially related to the qualifications, functions, or duties of the license, or if the conviction requires California sex offender registration, or, for certain agencies, if the conviction is a financial felony crime that is directly and adversely related to the qualifications, functions, or duties of the license. Prohibits license denial if the applicant was pardoned, shows rehabilitation, or the conviction was dismissed, and prohibits denial on the basis of an arrest that resulted in anything other than a conviction. Prohibits boards from requiring an applicant to provide his or her criminal history information and provides that provision of such information shall be voluntary and requires boards to produce annual reports to the Legislature and for public posting. Would not take effect until July 1, 2020. *Amends, repeals, and adds Sections 7.5, 480, 481, 482, 488, 493, and 11345.2 of, and adds Section 480.2 to the BPC.*

AB 2353 (Frazier, 2018, Pending) Existing law provides that, for all residential homes sold on or after January 1, 2003, a comprehensive set of laws known as the SB 800 “Fix It” bill or “Right to Repair Act” shall govern construction defect actions. The Right to Repair Act established requirements and certain procedures that must be followed before a civil suit can be filed, including provisions that a builder defending claims of unmet building standards must provide an inspection of the subject work. This bill would require that a contractor licensed in the field and scope for which the inspection and report is required conduct such inspections. *Adds Section 916.5 to the Civil Code.*

AB 2371 (Carrillo, 2018, Pending) Would make landscape water use in California more efficient and sustainable, in part, by requiring updates to CSLB’s “A” (General Engineering), “B” (General Building), and C-27 (Landscaping) contractor license trade exams to reflect changing landscape irrigation efficiency practices and by requiring updates to building codes. The bill would also require, beginning on January 1, 2020, a home inspection report for dwelling units that contain in-ground landscaping irrigation systems. *Adds Sections 7065.06 and 7195.5 to the BPC.*

AB 2483 (Voepel, 2018, Pending) This bill would require that a public entity pay a judgment or settlement for treble damage antitrust awards against a member of a regulatory board within DCA for an act or omission occurring within the scope of the member’s official capacity as a

member of that regulatory board. The bill would also specify that treble damages awarded pursuant to a specified federal law for violation of another federal law not be considered punitive or exemplary damages within the Act. *Amends Section 825 of the Government Code.*

AB 2705 (Holden, 2018 Pending)* Would increase from one year to two years the statute of limitations during which an unlicensed contractor can be prosecuted for failing to obtain workers' compensation insurance for employees. *Amends Section 7126 of the BPC.*

AB 3126 (Brough, 2018 Pending)* Would eliminate the option of a cash deposit with CSLB in lieu of a contractor license bond, bond of qualifying individual, or disciplinary bond to prevent contractors from removing bond funds from their private accounts and leaving no funds payable to a consumer following a valid claim against a bond. *Amends Sections 7071.17, 7074, 7091, and 7137 of, adds Section 7071.4 to, and repeals Section 7071.12 of, the BPC.*

- All regulation changes approved by the board since the last sunset review. Include the status of each regulatory change approved by the board.

Effective January 1, 2015, Title 16, California Code of Regulations (16 CCR) sections:

832.22	Asbestos Abatement Contractor License Classification
833	Asbestos Classification and Certification Limitations and Examination Requirement

On November 15, 2016, the Board approved non-substantive amendments to regulatory language of the following 16 CCR sections:

816	Application Form for Original License
817	Operating Capital Defined
832	Specialty Contractors Classified
832.16	Fire Protection Contractor
864	Continuance of License Under Business and Professions Code section 7068.2
865	Continuance of License Under Business and Professions Code section 7076
867	Procedure to Reactivate an Inactive License
869.1	Applicant Defined
869.5	Inquiry into Criminal Convictions
870	Factors to Apply When Determining Earliest Date a Revoked Licensee May Apply for Licensure

On June 15, 2017, the Board approved initiation of the rulemaking process to amend the following 16 CCR sections. As of **June 2018**, the regulatory package was under review by the Department of Consumer Affairs prior to filing with the Office of Administrative Law.

853	Renewal Application Form
858.1	Blanket Performance and Payment Bond Requirements
858.2	Application for Approval of Blanket Performance and Payment Bond
869	Criteria for Rehabilitation

869.9	Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure
872	Disclosure of General Liability Insurance

4. Describe any major studies conducted by the board (cf. Section 12, Attachment C).

Senate Bill 465 (Hill, Statutes 2016), required CSLB to prepare a study of judgments, arbitration awards, and settlements that resulted from claims for construction defects for rental residential units and report the results to the Legislature by January 1, 2018.

Senate Bill 465 provided that CSLB study six specified criteria to determine if the board's ability to protect the public would be enhanced by regulations requiring licensees to report construction-related judgments to CSLB, much like other professionals must report civil settlements to their licensing bodies.

The measure arose out of the tragic collapse of an apartment complex balcony in Berkeley on June 16, 2015, killing six people and seriously injuring seven others. On May 22, 2017, CSLB formally revoked the contractor's license of Segue Construction, Inc., the general contractor responsible for the building of the apartment complex.

Unrelated to CSLB's administrative action against Segue Construction was the finding that the contractor had paid over \$20 million in construction defect-related civil settlements prior to the collapse. No existing law requires such information be reported to CSLB.

On December 15, 2017, CSLB presented its study to the Legislature. The study, a copy of which is included in the attachments, included reviewing civil cases, dockets, case information, and survey responses.

The study concluded that CSLB's ability to protect the public would be enhanced by regulations requiring licensees to report judgments, arbitration awards, or settlement payments of construction defect claims for rental residential units. Senator Hill introduced SB 1465 in February 2018, to require a licensee to report to the registrar within 90 days any civil action resulting in a final judgment, executed settlement agreement, or final arbitration award against the licensee involving construction defects in multifamily rental residential structures. The reporting requirement would be triggered if the judgment, settlement, or award is \$1,000,000 or greater, not including the costs of investigation or prior repairs. The bill also requires that both licensees and insurers report to CSLB the payment of such claims.

5. List the status of all national associations to which the board belongs.

CSLB is a member of the National Association of State Contractors Licensing Agencies (NASLCA), which is dedicated to the mutual assistance of its members in striving for better construction industry regulation to protect the health, welfare, and safety of the general public. The association's membership consists of state and local contractor licensing agencies, construction firms, construction trade associations, and others associated with the construction industry.

•Does the board’s membership include voting privileges?

CSLB’s Registrar currently serves on the NASCLA Board of Directors and has voting privileges.

•List committees, workshops, working groups, task forces, etc., on which the board participates.

The current CSLB registrar serves on the NASCLA Board of Directors and as Secretary; the previous registrar served on the NASCLA Resources, Executive, and Fiscal Policy and Procedures committees, and chaired the Ad Hoc Solar Energy Committee.

•How many meetings did board representative(s) attend? When and where?

Over the last four years, CSLB registrars have attended eight NASCLA meetings, including all mid-year meetings and annual conferences, as noted below. Seven of the eight meetings required approval for out-of-state travel.

NASCLA Annual Conference	Date	Location
2018	August 27-30, 2018	Nashville, Tennessee
2017	August 28-31, 2017	Denver, Colorado
2016	August 30-Sept. 2, 2016	Minneapolis, Minnesota
2015	August 31-Sept.3, 2016	San Diego, California

NASCLA Mid-Year Meeting	Date	Location
2018	March 6-8, 2018	Phoenix, Arizona
2017	March 9-10, 2017	Houston, Texas
2016	March 9-11, 2016	Destin, Florida
2015	March 11-13, 2015	Huntsville, Alabama

•If the board is using a national exam, how is the board involved in its development, scoring, analysis, and administration?

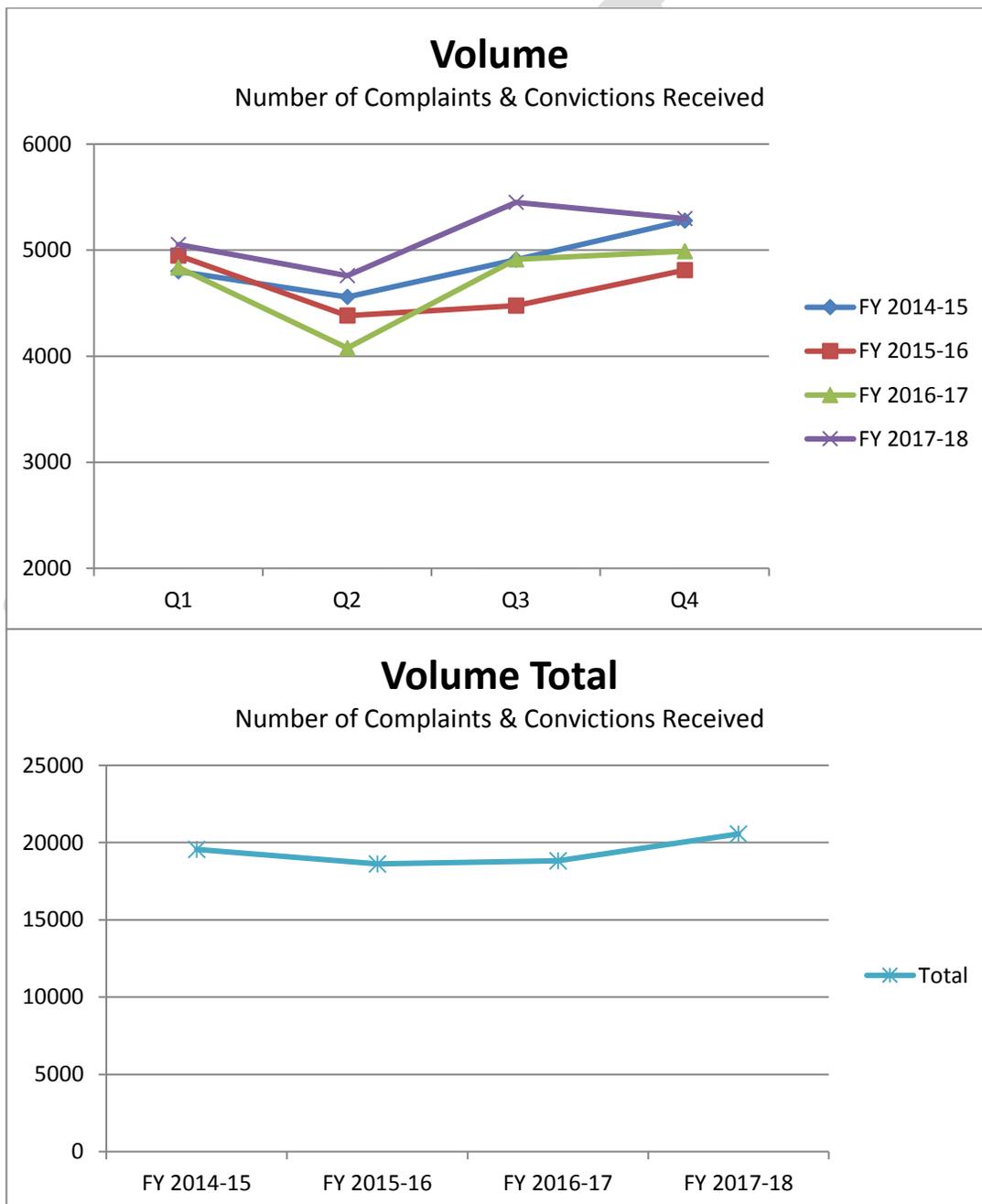
CSLB does not use a national exam.

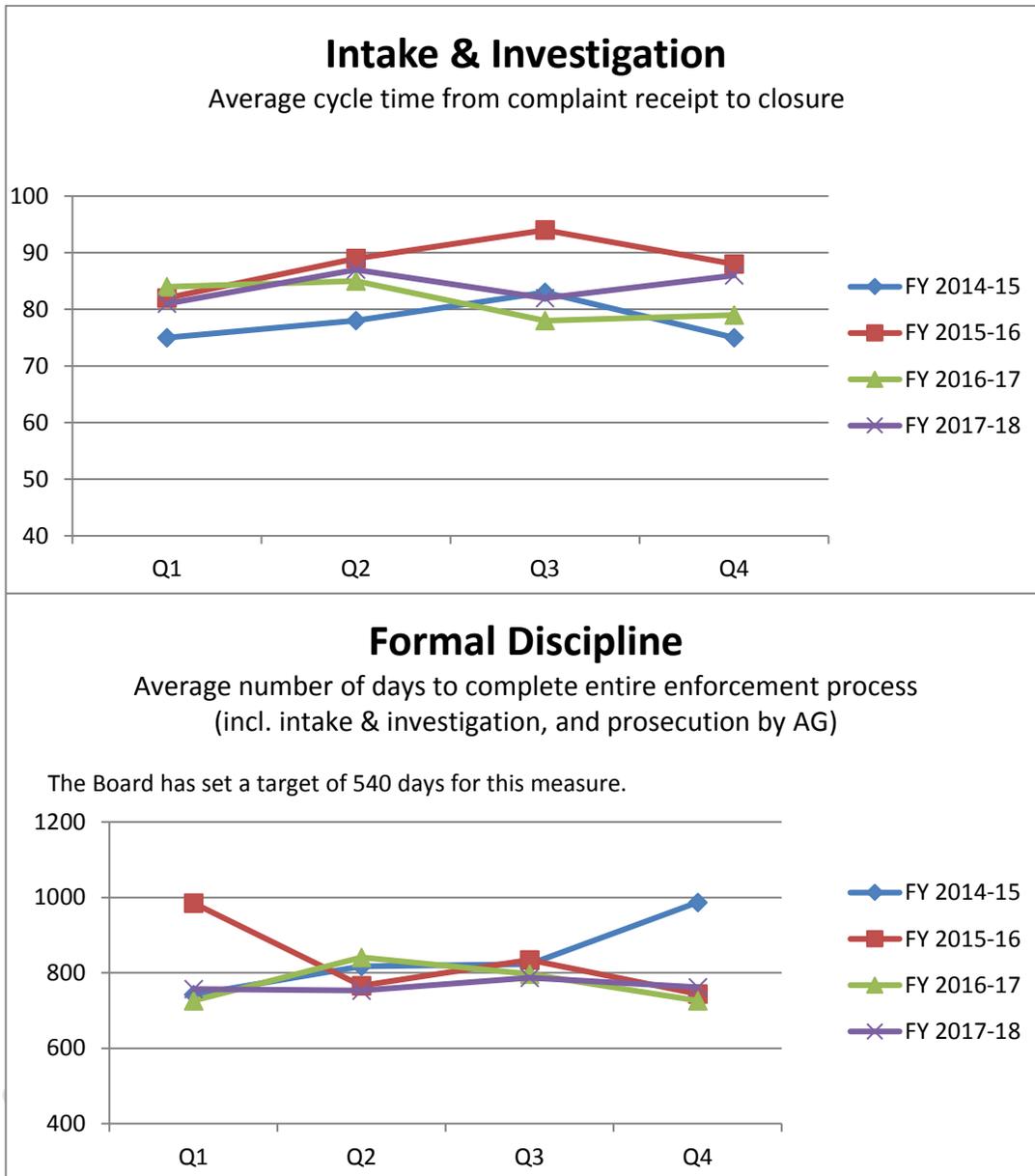
**Section 2 –
Performance Measures and Customer Satisfaction Surveys**

6. Provide each quarterly and annual performance measure report for the board as published on the DCA website

Below are the cumulative annual performance measures for the last four fiscal years for the Enforcement division.

Please see attachment xxx for the quarterly performance measure reports as published on the DCA website.





7. Provide results for each question in the board’s customer satisfaction survey broken down by fiscal year. Discuss the results of the customer satisfaction surveys.

The CSLB Consumer Satisfaction Survey is delivered through SurveyMonkey. Surveys are sent monthly to all complainants who provide an email address, with an average response rate of 20 percent over the last four years. The eight questions employ a seven-point agreement scale.

The ratings have remained fairly consistent over the years, with normal year-to-year variation. Consistently, the highest ratings are received in response to the question about courteous treatment and the lowest ratings for the question about the action CSLB ultimately took in response to the complaint.

CSLB collects and reports consumer satisfaction data by calendar year. The table below displays data from 2013 through 2017.

QUESTIONNAIRE	Percent Agreement by Calendar Year				
	2013	2014	2015	2016	2017
1. The CSLB contacted me promptly after I filed my complaint.	77%	80%	77%	77%	78%
2. The procedures for investigating my complaint were clearly explained to me.	72%	75%	74%	76%	75%
3. The CSLB kept me informed of my case's progress during the investigation.	62%	66%	66%	68%	68%
4. I was treated courteously by the CSLB's representative(s).	82%	83%	84%	87%	85%
5. My complaint was processed in a timely manner.	60%	65%	66%	65%	66%
6. I understand the outcome of the investigation (whether or not I agree with the action taken).	66%	69%	70%	70%	69%
7. The action taken in my case was appropriate.	53%	58%	56%	58%	57%
8. I am satisfied with the service provided by the CSLB.	57%	63%	62%	62%	64%

**Section 3 –
Fiscal and Staff**

Fiscal Issues

8. Is the board’s fund continuously appropriated? If yes, please cite the statute outlining this continuous appropriation.

Business and Professions Code section 205 establishes a Professions and Vocations Fund within the State Treasury, which consists of several special funds, including the Contractors’ License Fund.

For accounting purposes, the Professions and Vocations Fund is deemed a single “special fund” and each of the funds within it are deemed separate accounts. Expenditures from each account are available only for purposes as authorized by existing law. Business and Professions Code section 7135 provides that the fees and civil penalties collected by CSLB be deposited into the Contractors’ License Fund and all monies in this fund be appropriated for the purposes of administering contractors’ state license law.

9. Describe the board’s current reserve level, spending, and if a statutory reserve level exists.

CSLB maintains an analysis of the Contractors’ License Fund, including reserves, revenue, transfers, and expenditures. CSLB is statutorily authorized (BPC §7138.1) to maintain no more than six months in reserve of its annual authorized board expenditures. As of June 30, 2018, CSLB had a reserve of approximately \$15.4 million, which represents approximately three months of operating expenditures.

10. Describe if/when a deficit is projected to occur and if/when fee increase or reduction is anticipated. Describe the fee changes (increases or decreases) anticipated by the board.

In 2016, the Board proposed a fee increase, effective July 2017, through SB 1039. The passage of SB 1039 granted CSLB authority to implement an immediate increase on all fees (except for the additional classification original application with waiver and the re-exam fee). If the board needs an additional increase, regulations would be required to raise fees to an amount within the statutory maximum. There are no current plans to increase fees.

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18*	Projected FY 2018-19	Projected FY 2019-20
Adjusted Beginning Balance	\$26,944	\$24,051	\$18,971	\$16,182	\$15,431	\$12,595
Revenues and Transfers	\$57,120	\$56,030	\$60,078	\$65,637	\$67,412	\$67,367
Total Revenue	\$84,064	\$80,081	\$79,049	\$81,819	\$82,843	\$79,962
Budget Authority ¹	\$62,858	\$64,965	\$63,635	\$66,363	\$65,665	\$66,978
Expenditures ²	\$60,265	\$61,041	\$62,867	\$66,388	\$70,248	\$70,576
Loans to General Fund	--	--	--	--	--	--
Accrued Interest, Loans to General Fund	--	--	--	--	--	--
Loans Repaid from General Fund	--	--	--	--	--	--
Fund Balance	\$23,799	\$19,040	\$16,182	\$15,431	\$12,595	\$9,386
Months in Reserve	4.7	3.6	2.9	2.6	2.2	1.8

¹ Budget authority beginning in January 2017 statewide pro rata changed from budgeted line item to a direct fund charge.

² Expenditures include direct fund assessments for SCO, Fi\$cal, and statewide pro rata.

* FY 2017-18 revenue and expenditure totals current through fiscal month 12.

11. Describe the history of general fund loans. When were the loans made? When have payments been made to the board? Has interest been paid? What is the remaining balance?

In fiscal year 2008-09, the Contractor’s License Fund issued a loan of \$10 million to the California General Fund. In FY 2011-12, the Fund received final repayment, along with \$737,000 in interest. There are no outstanding general fund loans.

12. Describe the amounts and percentages of expenditures by program component. Use Table 3 – Expenditures by Program Component to provide a breakdown of the expenditures by the board in each program area. Expenditures by each component (except for pro rata) should be broken out by personnel expenditures and other expenditures.

The detailed breakdown of expenditures by program component is listed in Table 3:

Expenditures	FY 2014-15		FY 2015-16		FY 2016-17		FY 2017-18*	
	Personnel Services	OE&E						
Enforcement	19,613	13,023	19,764	14,028	20,163	13,739	21,589	13,188
Examination	2,042	1,410	2,078	1,309	2,242	1,348	2,289	1,080
Licensing	7,452	1,686	7,549	1,692	7,758	1,773	8,246	1,688
Administration**	3,876	5,460	3,864	4,659	4,071	2,263	4,095	3,930
DCA Pro Rata		6,211		6,476		6,911		6,095
Diversion (if applicable)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
TOTALS	\$32,983	\$27,790	\$33,255	\$28,164	\$34,234	\$26,034	\$36,219	\$25,981

* FY 2017-18 expenditures current through fiscal month 12.
 ** Administration includes costs for executive staff, Board, administrative support, and fiscal services.

13. Describe the amount the board has contributed to the BreEZe program. What are the anticipated BreEZe costs the board has received from DCA?

CSLB BreEZe Contributions

ACTUAL FY 2009-10 through FY 2016-17	PROJECTED FY 2017-18	TOTAL
\$3,443,555	\$812,000	\$4,255,555

14. Describe license renewal cycles and history of fee changes in the last 10 years. Give the fee authority (Business and Professions Code and California Code of Regulations citation) for each fee charged by the board.

CSLB receives no General Fund support, relying solely on fees set by statute and collected from contractors and applicants. Renewal fees constitute the main source of revenue and are collected every two years from contractors with active licenses. Active contractor licenses expire two years from the last day of the month in which the license was issued. Inactive licenses are valid for four years.

In July 2011, the Board increased all fees to the statutory limits (with the exception of the duplicate license/certification fee).

As noted above, in 2016, the Board proposed a fee increase, effective July 2017, through SB 1039. Passage of SB 1039 granted CSLB authority for an immediate increase on all fees (with the exception of the additional classification original application with waiver and the re-exam fee). If the Board needs an additional increase, regulations would be required to raise fees to an amount within the statutory maximum. There are no current plans to increase fees.

CSLB's current fee structure and revenue are detailed in the tables below, and are contained in Business and Professions Code section 7137 and the California Code of Regulations, Title 16, Division 8, Section 811:

Table 4a. Fee Schedule		
Fee	Current Fee Amount	Statutory Limit
Original Application Fee	\$330	\$375
Initial License Fee (Active & Inactive)	\$200	\$225
Additional Personnel/Officer	\$100	\$115
Additional Class (with waiver original application)	\$75	\$85
Additional Class (existing license)	\$150	\$175
Replacing the Qualifier (existing license)	\$150	\$175
Original Home Improvement Salesperson (HIS) Application	\$83	\$95
HIS Renewal	\$83	\$95
Asbestos Certification Application	\$83	\$95
Hazardous Substance Removal Application	\$83	\$95
Reactivate Inactive License	\$400	\$450
Active Renewal (2 year cycle)	\$400	\$450
Inactive Renewal (4 year cycle)	\$200	\$225
Exam Rescheduling Fee	\$60	\$70
Delinquency Fee (Active contractor renewal)	\$200	\$225
Delinquency Fee (Inactive contractor renewal)	\$100	\$112.50
Delinquency Fee (HIS Renewal)	\$41.50	\$47.50
Duplicate License/Certificate	\$12	\$14

Application, license, and renewal fees constitute nearly all of the Board's revenue. Table 4b details CSLB's actual revenue for FY 2014-15 through FY 2017-18.

Table 4b. Revenue (Dollars in Thousands)					
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18*	% of Total Revenue
Duplicate License/Certification Fees	105	116	116	136	0.2%
App Exam/License Fees	10,985	11,624	12,590	14,513	22.1%
Renewal Fees	41,170	39,697	42,432	46,002	70.1%
Delinquency Fees	2,793	2,484	2,510	2,676	4.1%

Fines & Penalties	1,861	1,933	2,176	2,067	3.1%
Other	143	127	137	127	0.2%
Interest	63	49	117	116	0.2%
TOTALS	\$57,120	\$56,030	\$60,078	\$65,637	

*FY 2017-18 revenue current through fiscal month 12.

15. Describe Budget Change Proposals (BCPs) submitted by the board in the past four fiscal years.

Over the last four fiscal years, CSLB received a total of 6.0 permanent staff and 2.0 limited term staff to address the additional workload required by newly implemented legislation. Recent successful BCPs include:

- Adding four permanent staff in the Enforcement division to address the increased workload generated by subsequent arrest and conviction records received by CSLB as a result of the fingerprinting of licensees.
- Adding two permanent staff to investigate accidents referred to CSLB by the California Division of Occupational Safety and Health Administration (Cal/OSHA) for potential disciplinary action.
- Adding two three-year limited-term staff for anticipated workload related to the safe excavation.

Table 5 details the BCPs that CSLB has submitted during the past four fiscal years:

Table 5. Budget Change Proposals (BCPs)								
BCP ID #	Fiscal Year	Description of Purpose of BCP	Personnel Services				OE&E	
			# Staff Requested (include classification*)	# Staff Approved (include classification*)	\$ Requested	\$ Approved	\$ Requested	\$ Approved
1110-15	2014-15	Sub Arrest Unit	4 (ERI & OT)	4 (ERI & OT)	0	0	0	0
1110-007	2015-16	Underground Economy	6 (ESI & ERI's)	0	0	0	0	0
1110-011	2016-17	SWIFT Remote Locations	3 (ERI)	0	\$259,000	0	\$120,000	0
1110-041	2017-18	Leg. SB 465 (Settlements)	2 (ERI & OT)	2 (ERI & OT)	\$164,000	\$164,000	\$346,000	\$346,000
1110-066	2018-19	Dig Safe Act of 2016 (SB 661)	2 (ERII & OT) LT	2 (ERII & OT) LT	\$173,000	\$173,000	\$376,000	\$376,000

*The acronyms above refer to the following classifications: Enforcement Representative I (ERI), Enforcement Representative II (ERII), Enforcement Supervisor I (ESI), and Office Technician (OT)

Staffing Issues

16. Describe any board staffing issues/challenges, i.e., vacancy rates, efforts to reclassify positions, staff turnover, recruitment and retention efforts, succession planning.

CSLB is charged with protecting consumers by licensing, regulating, and enforcing California's contracting laws. CSLB is presently authorized to have 405 staff (PYs) throughout the state, dedicated to accomplishing its mandate.

CSLB's Personnel office works closely with the Office of Human Resources at DCA and with the California Department of Human Resources (CalHR) to successfully, accurately, and in a timely manner address any recruitment and/or retention challenges.

As noted in the response to question 15, In fiscal year 2014-15, CSLB received approval for an additional 4.0 PYs. Therefore, during fiscal years 2014-15 and 2016-17, CSLB had 403 PYs. Additionally, successful budget change proposals added 2.0 PYs in fiscal year 2017-18, bringing the total PYs to 405. The projection for FY 2018-19 is 407 PYs, as CSLB received approval for three-year limited term funding for 2.0 PYs.

Vacancy Rates

At any given time during the previous fiscal years, CSLB had an average of 40 staff vacancies, which represented a 10 percent vacancy rate. Process improvements in CSLB's Personnel office and coordination with DCA have reduced the average number of vacancies. As of July 1, 2018, CSLB had 28.5 vacancies, which represents a 7 percent staff vacancy rate.

Efforts to Reclassify Positions

To meet operational needs, CSLB has successfully reclassified positions to ensure utilization of appropriate civil service classifications. In deciding to reclassify a position, careful consideration is given to changes in workload, lost duties and their absorption, as well as the added value to CSLB of the new reclassified position.

Recruitment and Retention Efforts

The average annual vacancy rate of less than 10 percent illustrates CSLB's success in recruiting and retaining employees. To increase candidate pools CSLB has increased the frequency of exams for the Consumer Services Representative and Enforcement Representative series. These exams have been developed in conjunction with DCA. CSLB also posts job vacancies on LinkedIn and sends out a weekly announcement of job postings to interested parties via a listserve.

Staff Turnover

Historically, CSLB does not experience high rates of staff turnover. In cases where positions are occupied by incumbents pursuing retirement, CSLB is proactive about early recruiting and ensuring knowledge transfer for new employees.

Succession Planning

CSLB encourages and supports all rank-and-file, as well as supervisory and managerial staff, to attend work-related trainings to prepare individuals for upward mobility and to meet career goals. CSLB uses office desk procedure manuals as training tools for succession planning and institutional knowledge transfer.

17. Describe the board's staff development efforts and how much is spent annually on staff development (cf., Section 12, Attachment D).

CSLB employees receive training, as part of pro rata, through the Department of Consumer Affairs (DCA) SOLID training office. Between FY 2014-15 and FY 2017-18, SOLID provided over 1,200 classroom training sessions for CSLB staff. Among the classes SOLID offers are basic-to-advanced computer courses, the Analyst Certification Training program, writing, and customer service skills. SOLID also conducts the DCA Leadership Academy, to comply with California Code section 19995.4 (b), which requires that all managers and supervisors receive 80 hours of supervisory training within one year of appointment.

Additionally, SOLID staff facilitated two major CSLB trainings. All CSLB managers and supervisors were required to attend a "Performance Management" course in September 2015, and in October 2017, all CSLB staff were required to attend a "Comprehensive Approach to Customer Service" course offered in Sacramento headquarters and at CSLB's Norwalk field office.

To further meet the training needs of employees CSLB, with approval from DCA, contracts with outside vendors, such as CalHR, the State Personnel Board, and the Department of Technology to provide training services not offered by SOLID. Between FY 2014-15 and FY 2017-18, employees attended 463 job-related training sessions conducted by outside vendors throughout the state. Among these trainings were Supervisor's Guide to Managing Poor Performance and various information technology courses.

Costs for Outside Training				
Training and Staff Development	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Training and Staff Development	\$24,836	\$16,366	\$9,231	\$32,415

In 2014, as part of CSLB's continuous effort to improve its Enforcement program, it created an Enforcement Academy in conjunction with the attorney general's office to equip staff with strong investigative skills. This training assures that CSLB investigations are effective, complete, and alleged violations recommended for administrative or criminal legal action are well supported.

The five-day Academy provides staff with instruction on investigative techniques, interview techniques, report writing, Business & Professions Code training, time management skills, Statewide Investigative Fraud Team (SWIFT) training, public speaking; and other job-related modules. The CSLB Enforcement Academy is offered twice a year at either CSLB Headquarters in Sacramento or at the Norwalk field office, and all new Enforcement staff are encouraged to participate. Additionally, the Enforcement division offers several other specialized courses.

In 2015, the Personnel unit developed a Career Consulting course for CSLB staff, which has been offered five times around the state. This course included tips on navigating the state's job website, information on the hiring process, and one-on-one meetings to review applications and resumes. In 2016, the Enforcement division collaborated with CSLB's Personnel unit to offer Enforcement staff a Career Advancement course. Topics included how to maximize opportunities within CSLB as well as other state agencies. This course was offered in both Sacramento and Norwalk.

Section 4 – Licensing Program

18. What are the board’s performance targets/expectations for its licensing¹ program? Is the board meeting those expectations? If not, what is the board doing to improve performance?

All processing times for licensing-related documents are posted on CSLB’s website weekly and documents are processed in the order of date received. Pursuant to California Code of Regulations section 827, CSLB informs an applicant within 60 days of receipt if the application is complete or deficient and in need of additional documentation or correction. The board currently meets these expectations for all of its various applications.

19. Describe any increase or decrease in the board’s average time to process applications, administer exams and/or issue licenses. Have pending applications grown at a rate that exceeds completed applications? If so, what has been done by the board to address them? What are the performance barriers and what improvement plans are in place? What has the board done and what is the board going to do to address any performance issues, i.e., process efficiencies, regulations, BCP, legislation?

CSLB’s processing times have fluctuated over the last four years. Processing times for applications differ because of the complexity of the application and the supporting documentation required. Staff continually monitor processing times and shift resources as needed to try to maintain processing times of three weeks or less. As illustrated below, CSLB has seen an increase in the number of original license applications received each of the last four fiscal years.

Original License Applications	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Number received	19,077	21,085	22,337	23,324

Staff has made process improvements to streamline the application review process. Currently, CSLB returns for corrections a higher number of applications than is optimal, which can significantly delay processing. To address this, in 2017, CSLB implemented an online fillable application to make the process of completing the application easier and to reduce the number that are returned to applicants for correction. The board is also developing a fully online application, which will include electronic signatures and payment and allow for automated submission, with a target completion date of December 2019. In addition, since 2016, CSLB has launched numerous online forms to improve the experience of licensees completing their licensing transaction paperwork. Below is a table of all the online CSLB forms available:

Online Forms

Form Title	Type of Form	Licensees Affected	Implementation
Workers’ Compensation Insurance Certificate	Online Service (bypasses requirement of physical forms; data entered and updated in real time)	Contractors	September

¹ The term “license” in this document includes a license certificate or registration.

Workers' Compensation Insurance Exemption Certificate	Online Service	Contractors	July 2018
General Liability Insurance Certificate	Online Service	Contractors	<i>In process</i>
Application for Registration as a Home Improvement Salesperson	Smart Form (auto-fill feature and user cannot proceed unless forms is completed accurately, printed out, and mailed in)	Home Improvement Salespersons (HIS)	June 2016
Contractor Notification of Home Improvement Salesperson Employment	Smart Form	HIS and Contractors	June 2016
Contractor Notification of Home Improvement Salesperson Employment Cessation	Smart Form	HIS and Contractors	June 2016
Application for Original Contractor License	Smart Form	Contractors	January 2017
Certification of Work Experience	Smart Form	Contractors	January 2017
Owner-Builder B-General Building Construction Project Experience	Smart Form	Contractors	January 2017
Section 4-Additional Personnel	Smart Form	Contractors	January 2017
Disclosure Statement Regarding Criminal Plea/Conviction	Smart Form	HIS and Contractors	March 2017
Application for Original Contractor License - Examination Waiver (7065)	Smart Form	Contractors	February 2017
Request for License Number Reissuance	Smart Form	Contractors	February 2017
Application for Replacing the Qualifying Individual	Smart Form	Contractors	February 2017
Application for Additional Classification	Smart Form	Contractors	February 2017
Application for Joint Venture License	Smart Form	Contractors	February 2017
Application for Asbestos Certification	Smart Form	Contractors	March 2017
Application for Hazardous Substance Removal and Remedial Actions Certification	Smart Form	Contractors	March 2017
Application to Inactivate Contractor's License	Smart Form	Contractors	March 2017
Application to Add New Personnel to Existing Corporate or Limited Liability Company License	Smart Form	Contractors	March 2017
Application to Report Change of Title for Current Officer or Personnel of Existing Corporate or Limited Liability Company License	Smart Form	Contractors	March 2017
Application to Add a New Limited Partner to an Existing Partnership License	Smart Form	Contractors	March 2017

Application to Change Contractor Business Name or Address (No Fee) Order Wall Certificate or Pocket License (\$12 Each)	Smart Form	Contractors	March 2017
Application to Change Home Improvement Salesperson Address (No Fee) Order Pocket Registration Card (\$12 Each)	Smart Form	Contractors	March 2017

In 2017, CSLB experienced processing times of up to 30 days for workers' compensation insurance certificates for licensees with employees and certificates of exemption for those without employees. CSLB created an online submission option for workers' compensation certificates to allow for an immediate update of the license record (see table above). As of **July 1, 2018**, for those workers' compensation certificates submitted manually processing times are approximately one week. CSLB is expanding online submission to include general liability insurance certificates, which are required for LLC licenses.

20. How many licenses or registrations does the board issue each year? How many renewals does the board issue each year?

The following charts show the number of licenses and registrations CSLB issues each year, and the number of licenses renewed annually; table 6 shows the licensee population; table 7a shows licensing data by type; and table 7b show total licensing data. The process to issue a license includes successful submission of the necessary paperwork demonstrating the required work experience, fingerprint and criminal background check, passing the trade and business and law exams, submitting workers' compensation information, and submitting bond information.

Licenses and Registrations Issued by Fiscal Year				
License Type	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Contractor License	12,957	12,793	15,363	15,320
Home Improvement Registration	6,881	7,438	5,407	5,203
TOTALS	19,838	20,231	20,770	20,523

License and Registration Renewals Processed by Fiscal Year				
License Type	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Contractor License	120,246	118,387	120,259	117,377
Home Improvement Registration	1,929	2,068	3,457	3,962
TOTALS	122,175	120,455	123,716	121,339

Table 6. Licensee Population					
	Statuses	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Contractor License	Active	222,718	223,261	226,722	229,087

	Out-of-State (Active)	7,010	7,130	7,396	7,589
	Out-of-Country (Active)	27	28	30	29
	Delinquent	42,106	50,841	58,709	64,935
	Inactive	61,245	59,505	57,549	56,103
Home Improvement Salesperson Registration	Active	12,882	15,373	17,461	17,559
	Out-of-State (Active)	720	1,615	2,216	1,385
	Out-of-Country (Active)	0	0	0	0
	Delinquent	576	2,219	5,345	10,085

Table 7a. Licensing Data by Type

Application Type	Received	Approved (Posted)	Closed (Voided)	Issued or Renewed	Pending Applications			Cycle Times			
					Total Pending (Close of FY)	Outside Board control*	Within Board control*	Complete Apps	Incomplete Apps	Combined, IF unable to separate out	
FY 2014-15	Original App Exams	11,062	9,100	4,030	6,426	552					183 days
	Waivers	8,015	7,258	1,420	6,531	412	n/a	n/a	n/a	n/a	80 days
	TOTAL	19,077	16,358	5,450	12,957	964					132 days (avg)
	Home Improvement Salesperson (HIS) Registration Application Total	12,557	10,500	5,185	6,881	1,571	n/a	n/a	n/a	n/a	51 days (avg)
	Contractor License Renewal	140,571			120,246						11 days
	HIS Registration Renewal	2,354	n/a	n/a	1,929	n/a	n/a	n/a	n/a	n/a	4 days
	TOTAL	142,925			122,175						8 days (avg)
FY 2015-16	Original App Exams	12,565	10,214	4,389	6,228	680					194 days
	Waivers	8,213	7,557	1,558	6,565	505	n/a	n/a	n/a	n/a	87 days
	TOTAL	20,778	17,771	5,947	12,793	1,185					141 days
	Home Improvement Salesperson (HIS) Registration Application Total	12,421	12,613	6,327	7,438	176					42 days (avg)
	Contractor License Renewal	132,941			118,387						11 days
	HIS Registration Renewal	2,062	n/a	n/a	2,068	n/a	n/a	n/a	n/a	n/a	6 days
	TOTAL	135,003			120,455						9 days (avg)
FY 2016-17	Original App Exams	13,612	11,334	3,719	8,274	1,166					183 days
	Waivers	8,463	8,061	1,622	7,089	226	n/a	n/a	n/a	n/a	86 days
	TOTAL	22,075	19,395	5,341	15,363	1,392					135 days (avg)
	Home Improvement Salesperson (HIS) Registration Application Total	9,780	8,548	4,204	5,407	273	n/a	n/a	n/a	n/a	33 days (avg)
	Contractor License Renewal	132,668			120,259						15 days
	HIS Registration Renewal	4,157	n/a	n/a	3,457	n/a	n/a	n/a	n/a	n/a	12 days
	TOTAL	136,825			123,716						14 days (avg)
FY/2017-2018	Original App Exams	14,162	12,842	5,331	8,135	396					189 days
	Waivers	8,695	8,207	1,697	7,185	287	n/a	n/a	n/a	n/a	80 days
	TOTAL	23,857	21,049	7,028	15,320	683					135 days (avg)
	Home Improvement Salesperson (HIS) Registration Application Total	9,371	8,687	4,076	5,203	52	n/a	n/a	n/a	n/a	33 days (avg)
	Contractor License Renewal	126,831			177,377						17 days
	HIS Registration Renewal	3,703	n/a	n/a	3,962	n/a	n/a	n/a	n/a	n/a	14 days
	TOTAL	130,534			121,339						16 days (avg.)

* Optional. List if tracked by the board.

Table 7b. Total Licensing Data				
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Initial Licensing Data:				
Original Applications Received	19,077	20,778	22,075	23,857
Home Improvement Salesperson Applications Received	12,557	12,421	9,780	9,371
Total	31,634	33,199	31,855	33,228
Initial License/Initial Exam Pending Application Data:				
Pending Original Applications (total at close of FY)	964	1,185	1,392	683
Pending Home Improvement Salesperson Applications	1,571	176	273	52
Total	1,598	1,361	1,665	735
Pending Original Applications (outside of board control)*	n/a	n/a	n/a	n/a
Pending Home Improvement Salesperson Applications (outside of board control)*	n/a	n/a	n/a	n/a
Pending Original Applications (within board control)*	n/a	n/a	n/a	n/a
Pending Home Improvement Salesperson Applications (within board control)*	n/a	n/a	n/a	n/a
Initial License/Initial Exam Cycle Time Data (WEIGHTED AVERAGE):				
Average Days to Original Application Approval (All - Complete/Incomplete)	132	141	135	135
Average Days to Home Improvement Salesperson Application Approval (All - Complete/Incomplete)	51	42	33	33
Total	92	92	84	84
Average Days to Application Approval (incomplete applications)*	n/a	n/a	n/a	n/a
Average Days to Home Improvement Salesperson Application Approval (incomplete applications)*	n/a	n/a	n/a	n/a
Average Days to Original Application Approval (complete applications)*	n/a	n/a	n/a	n/a
Average Days to Home Improvement Salesperson Application Approval (complete applications)*	n/a	n/a	n/a	n/a
License Renewal Data:				
Contractor License Renewed	120,246	118,387	120,259	117,377
Home Improvement Salesperson Registration Renewed	1,929	2,068	3,457	3,962
Total	122,175	120,455	123,716	121,339
* Optional. List if tracked by the board.				

21. How many licenses or registrations has the board denied over the past four years based on criminal history that is determined to be substantially related to the qualifications, functions, or duties of the profession, pursuant to BPC § 480? Please provide a breakdown of each instance of denial and the acts the board determined were substantially related.

The following charts identify the number of original applications for licensure denied in whole or in part because of an applicant's criminal history. They also provide a breakdown of the types of convictions that led to denial. In addition to the authority granted under BPC §480, CSLB operates under the authority of BPC sections 7073 and 7124, when denying licenses because of a criminal conviction.

CSLB must also consider the criteria contained in sections 868 and 869 of Title 16, Division 8 of the California Code of Regulations (CCR) relating to the substantial relationship of the crime(s) to the contracting business and the rehabilitation of the applicant.

This requires that CSLB, on a case-by-case basis, determine if the crime(s) are substantially related to the qualifications, functions, and duties of a contractor based on section 868. CSLB must then evaluate if the applicant has demonstrated sufficient rehabilitation based on various factors related to his or her conviction record as contained in CCR section 869, including the nature and severity of the crimes, the length of time that has passed since the conviction(s) or release from incarceration, and the applicant's compliance with the law and work history since the conviction(s).

CSLB does not automatically deny a license because an applicant has been convicted of a crime. As the charts below demonstrate, application denials based on criminal convictions are extremely rare for CSLB.

Application Denials for Criminal Conviction

Totals				
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Original Contractor Applications Received	11,062	12,565	13,612	14,162
Applicants with a Criminal History	4,672	5,628	6,926	5,900
Applications Denied	37	51	59	59
Percentage of Denials Per Total Applications Received	0.3%	0.4%	0.4%	0.4%
Percentage of Applicants with Criminal History Denied	0.8%	0.9%	0.9%	1.0%

Application Denials for Criminal Conviction—By Conviction Type

VIOLENT FELONIES (SUBSTANTIALLY RELATED TO THE QUALIFICATIONS, FUNCTION, OR DUTIES OF THE PROFESSION)				
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Murder	--	6	3	3
Manslaughter	1	2	3	6
Robbery	2	1	1	3
Kidnapping	--	--	--	1
Carjacking	--	--	--	1

SEXUAL RELATED CRIMES (SUBSTANTIALLY RELATED TO THE QUALIFICATIONS, FUNCTION, OR DUTIES OF THE PROFESSION)				
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Rape*	3	2	7	5
Lewd Acts, Oral Copulation, Sex w/Child*	5	7	13	10
Sexual Penetration *	--	1	2	--
Sexual Battery	1	--	--	--
Obscene Matter	2	1		
Soliciting	--	1	2	2
Indecent Exposure	--	--	1	--
Act Before Child	--	1	--	--
Register as Sex Offender	--	1	--	1
*Violent felonies				

OTHER CRIMES SUBSTANTIALLY RELATED TO THE QUALIFICATIONS, FUNCTION, OR DUTIES OF THE PROFESSION (unless otherwise noted, these applicants had multiple convictions)				
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Theft	--	3	--	1
Stolen Property	--	1	1	2
Grand Theft	4	4	4 (1 with *)	4 (1 with *)
Burglary	5	3	2	2
Battery	3	1	--	--
Petty Theft	1	--	--	1
Insurance Fraud	1*	--	--	--
Inflict Injury on Child / Spouse	3	--	1	1
Assault with a Deadly Weapon	2	2 (1 with *)	1	1
Assault	1	1	--	--
Theft of Elder	1*	--	--	1
Mail Fraud	1*	2 (1 with *)	--	--
Possession of a Destructive Device	1*	--	--	--
Defraud Insurance Company	--	1	--	--
Forgery	--	1	2	--
Welfare Fraud	--	1*	--	--
Theft of Utilities	--	1	--	--
Stalking	--	1*	--	1
Defraud a Bank	--	1	--	--
Felon with a Gun	--	1	1	2
Burglary (1 st Degree)	--	--	2	--
Filing a False Claim	--	--	1	--
Falsified Checks	--	--	1	1
Use of others License	--	--	1	--
Forging Documents	--	--	--	1
* Only had 1 Conviction on Record				

APPLICATIONS FAILING TO MEET THE REHABILITATION CRITERIA*				
See Title 16 Division 8 Section 869 for CSLB rehabilitation criteria	0	4	10	9

22. How does the board verify information provided by the applicant?

CSLB verifies applicant information related to both claimed work experience and criminal background.

Licensing division staff evaluates Certification of Work Experience forms submitted with applications for licensure to document the required four years of journey-level work experience. Applicants may submit additional documentation when necessary to support their claimed work experience, such as paycheck stubs, tax documents, building permits, construction inspection reports, etc. Also, as required by law, CSLB performs a comprehensive experience investigation for a minimum of 3 percent of applications to help ensure documentation accuracy.

CSLB uses the fingerprint process to check applicant's prior criminal history, which provides results from the California Department of Justice and the FBI. CSLB reviews results to determine if the crime is substantially related to the duties, qualifications, or functions of a contractor, and to evaluate if the applicant has demonstrated sufficient rehabilitation. Applicants are asked to disclose prior convictions on their application.

- a. What process does the board use to check prior criminal history information, prior disciplinary actions, or other unlawful acts of the applicant? Has the board denied any licenses over the last four years based on the applicant's failure to disclose information on the application, including failure to self-disclose criminal history? If so, how many times and for what types of crimes (please be specific)?

All applications for licensure include questions about the applicant's prior criminal history and disciplinary actions. As noted above, applicant fingerprints are submitted to the California Department of Justice where they are compared to DOJ and FBI records to determine if a criminal history exists.

CSLB staff review all criminal convictions to determine if the crime is substantially related to the duties, qualifications, or functions of a contractor, and to assess if the applicant has demonstrated sufficient rehabilitation.

Failure to disclose a criminal conviction is not grounds for denial. The underlying criminal act may warrant or require denial. CSLB allows those applicants who fail to disclose a criminal history to amend the original application and continue in the review process.

- b. Does the board fingerprint all applicants?

Beginning January 1, 2005, all individuals listed as personnel of record on an original application, an application to add a classification to an existing license, an application to replace the qualifier, an application to report new officers, and an application for registration as a home improvement salesperson are required to submit fingerprints to CSLB.

- c. Have all current licensees been fingerprinted? If not, explain.

CSLB requires fingerprinting for any new applicant and for any existing licensee who modifies his or her license, such as changing the qualifier or adding a classification. However, current law does not require those who received a license prior to 2005 to submit fingerprints for criminal history background checks. Because the number of active licenses issued prior to 2005 continues to decline annually, the percentage of licensees who have not submitted fingerprints has also correspondingly declined. As of July 1, 2018, 54 percent of CSLB's current licensees had submitted fingerprints. This issue is also addressed in CSLB's response to prior issue #7 in section 10, Action and Response to Prior Sunset Issues.

- d. Is there a national databank relating to disciplinary actions? Does the board check the national databank prior to issuing a license? Renewing a license?

The National Association of State Contractors Licensing Agencies (NASCLA) maintains a database related to disciplinary actions against contractors. CSLB's application units reference the database prior to issuing an original license.

- e. Does the board require primary source documentation?

CSLB requires primary source documentation – relevant certified court records – when denying licensure based on a criminal conviction.

23. Describe the board's legal requirement and process for out-of-state and out-of-country applicants to obtain licensure.

CSLB's process for out-of-state and out-of-country applicants is the same as that for in-state applicants.

24. Describe the board's process, if any, for considering military education, training, and experience for purposes of licensing or credentialing requirements, including college credit equivalency.

- a. Does the board identify or track applicants who are veterans? If not, when does the board expect to be compliant with BPC §114.5?

CSLB identifies and tracks the number of applications submitted by veterans.

The CSLB website has a dedicated link to help military veterans find information about the documentation necessary to use their military experience and/or training to meet licensure requirements. CSLB grants credit for applicable work experience obtained in the military by applicants upon submission of an acceptable Certification of Work Experience and appropriate supporting documentation, including the DD-214 discharge paperwork. Processing for all applications submitted by veterans is automatically expedited. CSLB also has established a direct email contact for veterans (veteransinfo@cslb.ca.gov) who need one-on-one assistance with the application process.

CSLB grants up to three of the required four years of journey-level experience for completion of educational and degree programs upon submission of certified official transcripts.

- b. How many applicants offered military education, training or experience towards meeting licensing or credentialing requirements, and how many applicants had such education, training or experience accepted by the board?

While CSLB tracks the number of veterans who apply for licensure, the board does not track the number of veterans who applied using their military education, training, and experience to meet the four-year journey-level work experience requirement for licensure. However, the board can report that between July 2013 through June 2018, CSLB expedited 1,582 applications for military veterans and issued 1,020 licenses.

- c. What regulatory changes has the board made to bring it into conformance with BPC §35?

CSLB offers a Veterans Application Assistance Program for those transitioning from military service to civilian employment. In many cases, veterans possess transferable skills to help meet the minimum experience and training requirements for a state contractor license. This program offers priority service to veteran applicants, using specially trained technicians who evaluate transferable military experience and training, as well as education.

- d. How many licensees has the board waived fees or requirements for pursuant to BPC §114.3, and what has the impact been on board revenues?

Since 2013, the board has record of waiving one renewal fee and staff is unaware of an instance in which a request has been made and denied.

e. How many applications has the board expedited pursuant to BPC §115.5?

CSLB has expedited 38 applications under BPC §115.5.

25. Does the board send No Longer Interested notifications to DOJ on a regular and ongoing basis? Is this done electronically? Is there a backlog? If so, describe the extent and efforts to address the backlog.

CSLB sends No Longer Interested notifications to DOJ via weekly electronic transmittals. As of xxx, there is no backlog.

Examinations

Table 8 presents data by fiscal year for each examination CSLB administers for first time candidates (1st), repeat candidates (repeat), and the combined candidates (total). Each examination is based on an in-house occupational analysis. The table also includes information about the year of the last occupational analysis (Latest OA) and the year of the target occupational analysis (Next OA). The # rows contain the number of candidates who took the examination; the % rows contain the percentage of candidates who passed.

The data presented is by application fee number, not necessarily by individual. A candidate may have more than one application fee number by not passing the exam within the 18 months that an application is active.

Table 8. Examination Data

		FY 2014-2015			FY 2015-2016			FY 2016-2017			FY 2017-2018			Latest OA	Next OA
		1st	repeat	total											
A - General Engineering	#	403	186	589	443	199	642	534	267	801	433	184	617	2014	2019
	%	74	31	61	77	30	63	78	32	63	80	34	66		
B - General Building	#	2,819	2,443	5,262	3,072	2,483	5,555	4,263	4,021	8,284	4,317	4,041	8,358	2013	2018
	%	62	25	45	60	26	45	59	23	42	60	23	42		
C-2 - Insulation & Acoustical	#	71	64	135	63	69	132	57	49	106	62	79	141	2017	2022
	%	45	28	37	48	29	38	65	29	48	37	16	26		
C-4 - Boiler, Hot Water	#	17	6	23	23	26	49	28	17	45	21	10	31	2016	2021
	%	76	33	65	70	12	39	82	18	58	71	20	55		
C-5 - Framing & Rough Carpentry	#	53	57	110	79	56	135	78	80	158	77	42	119	2013	2018
	%	51	23	36	47	30	40	67	23	44	71	26	55		
C-6 - Cabinet, Millwork, and Finish Carpentry	#	198	150	348	213	172	385	259	238	497	241	191	432	2014	2019
	%	65	29	50	60	24	44	61	23	43	57	24	42		

C-7 - Low Voltage	#	272	145	417	249	186	435	286	177	463	289	239	528	2016	2021
	%	72	29	57	70	27	51	69	27	53	62	24	45		
C-8 - Concrete	#	242	221	463	272	235	507	342	280	622	361	306	667	2015	2020
	%	56	21	39	59	26	44	55	24	41	63	20	43		
C-9 - Drywall	#	145	144	289	136	149	285	168	246	414	171	201	372	2015	2020
	%	52	18	35	43	13	28	45	17	28	48	17	31		
C-10 - Electrical	#	802	390	1,192	893	393	1,286	1,173	731	1,904	1,120	755	1,875	2013	2018
	%	78	24	60	77	24	61	73	23	54	72	24	53		
C-11 - Elevator	#	10	9	19	9	12	21	18	22	40	14	13	27	2014	2019
	%	60	44	53	33	8	19	39	27	33	57	31	44		
C-12 - Earthwork & Paving	#	97	102	199	87	100	187	97	88	185	124	91	215	2016	2021
	%	56	23	39	56	16	35	65	27	47	61	20	44		
C-13 - Fencing	#	56	28	84	83	55	138	112	79	191	82	72	154	2018	2023
	%	66	21	51	57	24	43	66	32	52	51	24	38		
C-15 - Flooring	#	287	222	509	324	199	523	356	284	640	349	281	630	2014	2019
	%	66	24	48	65	26	50	65	25	47	63	21	44		
C-16 - Fire Protection	#	59	50	109	59	69	128	100	108	208	88	101	189	2016	2021
	%	53	26	40	46	25	34	45	26	35	40	34	37		
C-17 - Glazing	#	142	115	257	131	85	216	152	121	273	187	107	294	2015	2020
	%	73	23	51	65	21	48	72	25	51	63	25	49		
C-20 - Heating, Ventilating, and Air Conditioning	#	412	229	641	397	241	638	544	512	1,056	613	518	1,131	2014	2019
	%	74	26	57	70	23	52	63	26	45	64	24	46		
C-21 - Building Moving & Demolition	#	68	38	106	83	62	145	87	52	139	91	68	159	2018	2023
	%	66	32	54	66	27	50	75	25	56	62	25	46		
C-22 - Asbestos Abatement	#	5	0	5	35	0	35	16	6	22	14	6	20	2014	2018
	%	100	na	100	94	na	94	100	33	82	93	0	65		
C-23 - Ornamental Metals	#	56	67	123	63	40	103	43	64	107	58	80	138	2014	2019
	%	63	15	37	75	18	52	60	8	29	60	19	36		

C-27 - Landscaping	#	552	443	995	604	560	1,164	607	760	1,367	685	718	1,403	2015	2020
	%	65	21	45	62	16	40	53	15	32	60	19	39		
C-28 - Lock & Security Equipment	#	20	19	39	19	21	40	33	51	84	28	36	64	2013	2018
	%	40	21	31	37	19	28	36	20	26	39	25	31		
C-29 - Masonry	#	88	108	196	92	112	204	103	133	236	94	105	199	2015	2020
	%	50	13	30	51	11	29	45	24	33	48	23	35		
C-31 - Traffic Control	#	20	12	32	20	12	32	33	25	58	22	8	30	2015	2020
	%	45	58	50	55	50	53	48	52	50	50	63	53		
C-32 - Parking & Highway	#	27	49	76	22	32	54	19	21	40	23	25	48	2015	2020
	%	59	22	36	50	28	37	37	24	30	57	24	40		
C-33 - Painting & Decorating	#	699	416	1,115	735	497	1,232	944	698	1,642	949	832	1,781	2015	2020
	%	69	26	53	70	24	51	60	20	43	60	22	42		
C-34 - Pipeline	#	14	15	29	18	5	23	21	6	27	30	11	41	2018	2023
	%	71	20	45	78	20	65	71	33	63	67	82	71		
C-35 - Plastering	#	73	67	140	74	59	133	103	85	188	90	102	192	2013	2018
	%	64	10	39	59	24	44	60	14	39	54	20	36		
C-36 - Plumbing	#	573	315	888	594	307	901	778	515	1,293	721	427	1,148	2014	2019
	%	71	29	56	75	27	59	73	23	53	72	22	54		
C-38 - Refrigeration	#	51	19	70	53	22	75	60	33	93	65	33	98	2013	2018
	%	82	42	71	75	23	60	83	18	60	80	24	61		
C-39 - Roofing	#	208	151	359	211	153	364	314	241	555	337	327	664	2015	2020
	%	68	21	48	73	18	50	58	20	41	59	28	44		
C-42 - Sanitation	#	25	69	94	33	58	91	39	48	87	41	51	92	2017	2022
	%	24	7	12	48	10	24	62	10	33	44	27	35		
C-43 - Sheet Metal	#	36	24	60	37	10	47	40	30	70	50	46	96	2014	2019
	%	72	21	52	65	60	64	58	23	43	56	33	45		
C-45 - Signs	#	47	34	81	47	17	64	47	23	70	50	27	77	2018	2023
	%	72	24	52	81	47	72	64	22	50	70	22	53		

C-46 - Solar	#	108	68	176	102	82	184	107	121	228	93	100	193	2017	2022
	%	69	22	51	53	30	43	55	22	38	47	18	32		
C-47 - General Manufactured Housing	#	14	19	33	6	24	30	19	29	48	11	21	32	2018	2023
	%	50	16	30	17	13	13	37	28	31	45	29	34		
C-50 - Reinforcing Steel	#	10	12	22	15	22	37	21	34	55	12	15	27	2018	2023
	%	30	33	32	53	14	30	24	26	25	42	33	37		
C-51 - Structural Steel	#	47	36	83	73	52	125	87	65	152	87	56	143	2014	2019
	%	66	28	49	66	21	47	72	23	51	61	30	49		
C-53 - Swimming Pool	#	86	71	157	81	69	150	126	137	263	132	110	242	2016	2021
	%	77	18	50	67	20	45	63	19	40	69	17	45		
C-54 - Tile	#	293	180	473	279	223	502	375	351	726	334	282	616	2016	2021
	%	66	25	51	64	18	44	55	18	37	65	20	44		
C-55 - Water Conditioning	#	16	6	22	15	14	29	15	4	19	9	3	12	2018	2023
	%	88	50	77	80	0	41	73	75	74	78	33	67		
C-57 - Well Drilling	#	72	34	106	69	35	104	32	22	54	34	9	43	2017	2022
	%	67	50	61	72	43	63	72	27	54	82	44	74		
C-60 - Welding	#	75	43	118	69	48	117	72	58	130	74	80	154	2013	2018
	%	67	30	53	74	29	56	58	29	45	57	18	36		
ASB - Asbestos Certification	#	67	13	80	28	9	37	21	11	32	22	16	38	2015	2020
	%	75	31	68	61	67	62	48	36	44	45	19	34		
HAZ - Hazardous Substance Removal	#	61	19	80	65	18	83	68	25	93	87	26	113	2017	2022
	%	67	32	59	71	33	63	69	24	57	64	31	57		
Law - Law & Business	#	8,804	3,827	12,631	8,962	4,449	13,411	11,502	7,077	18,579	11,860	7,266	19,126	2015	2020
	%	79	22	62	76	20	57	74	18	53	74	19	53		
Total that took exam	#	18,300	10,735	29,035	19,037	11,741	30,778	24,299	18,045	42,344	24,652	18,117	42,769		
Total that passed	#	13,460	2,627	16,087	13,583	2,710	16,293	16,703	3,869	20,572	17,109	3,968	21,077		
Percent that passed	%	74	24	55	71	23	53	69	21	49	69	22	49		

26. Describe the examinations required for licensure. Is a national examination used? Is a California specific examination required? Are examinations offered in a language other than English?

California is mandated to administer both a trade-related and law and business examination as part of the licensure process (BPC sections 7065 and 7068). CSLB administers its 46 different exams (43 trade, two certification, and one law and business) at its eight test centers throughout the state.

Exams must be empirically linked to the content outline of a recent occupational analysis in order to be valid and legally defensible. CSLB has exam development specialists on staff to ensure that its exams meet psychometric standards for licensure examinations. CSLB performs occupational analyses every five-to-seven years for all exams, and regularly compiles and updates its examination forms.

There is no national exam in use in all the states that license contractors. However, the National Association of State Contractor Licensing Agencies (NASCLA) has developed a Commercial General Building exam that is administered by four states and accepted by 14 states. At its April 13, 2018 meeting, the Board voted to direct staff to pursue reciprocity agreements with Alabama, Georgia, Louisiana, North Carolina, and Oregon to waive the CSLB “B” General Building exam for a qualified applicant who has passed the NASCLA Commercial General Building exam, if that state agrees to accept CSLB’s “B” General Building trade exam. These applicants will still be required to take and pass the California law and business exam. CSLB selected these states after reviewing their license classifications and determining that they were comparable to California’s requirements. Staff is currently negotiating these reciprocity agreements.

CSLB’s exams are offered in English. Applicants can request to bring a translator to his or her exam; CSLB approves the translator before the exam is administered. The table below illustrates the number of exams and translator exams CSLB has administered during the last four fiscal years.

CSLB Licensing Exams Administered		
	Total # Exams Administered	# Translator Exams Administered
FY 2014-15	29,392	509
FY 2015-16	31,000	740
FY 2016-17	42,571	1,311
FY 2017-18	42,791	1,460

27. What are pass rates for first time vs. retakes in the past 4 fiscal years? (Refer to Table 8: Examination Data) Are pass rates collected for examinations offered in a language other than English?

See the information contained in Table 8. The pass rate for first-time test takers is much higher than that for repeat test takers. In fiscal year 2017-18, 69 percent of all first-time test takers passed and 22 percent of repeat test takers.

Pass rates are not collected specifically for examinations offered in a language other than English.

28. Is the board using computer-based testing? If so, for which tests? Describe how it works. Where is it available? How often are tests administered?

CSLB develops and then administers its computer-generated exams for all 46 exams at eight test centers throughout the state (Berkeley, Fresno, Norwalk, Oxnard, Sacramento, San Bernardino, San Diego, and San Jose). The days and hours of operation for each test center vary depending on the demand for license exams in that particular area of the state at any given time. Candidates are assigned to test centers according to their zip code.

CSLB began using computer-based testing in 1990. The Testing division currently develops and administers its computer-generated exams using a custom software suite of applications called SCORE (state contractors official regulatory exams). The candidates at all test centers take exams in individual test stations using computers with touchscreen technology and receive their results immediately.

29. Are there existing statutes that hinder the efficient and effective processing of applications and/or examinations? If so, please describe.

CSLB has identified the following statutes as imposing a hindrance on the efficient and effective processing of renewal applications and license maintenance (also see new issue #4 in section 11, New Issues):

- BPC section 7071.19: Requires that a limited liability company (LLC) licensed as a contractor must maintain a general liability insurance policy at all times as a condition of licensure. Current law provides that CSLB must suspend the license if a current policy is not on file. CSLB has discovered that additional time is required for insurance companies to provide renewed certificates to CSLB and for CSLB to process the documents. CSLB proposes modifying BPC section 7071.19 to provide 45 days for CSLB to accept the certificate required by this section. The licensee would still be required to timely submit the certificate without a break in general liability insurance coverage, or the suspension would still apply; the change would merely provide time for CSLB to receive and process the document.
- BPC section 7076.2: This section provides that a corporate licensee who fails to be registered and in good standing with the Secretary of State (SOS) shall be automatically suspended 30 days from the date of the registrar's notice. It can reasonably take more than 30 days for a licensee to reconcile records with the Secretary of State, especially if the SOS standing was affected by a merger or standing issues with another agency, such as the Franchise Tax Board. This requires additional maintenance of the license record when applications are submitted for renewal and impairs the reasonable business of otherwise compliant licensees. CSLB proposes extending the 30-day period to 60 days.

School approvals

30. Describe legal requirements regarding school approval. Who approves your schools? What role does BPPE have in approving schools? How does the board work with BPPE in the school approval process?

CSLB's licensing requirements do not include a mandatory education component, so there is no school approval process.

31. How many schools are approved by the board? How often are approved schools reviewed? Can the board remove its approval of a school?

Not applicable; CSLB does not approve licensing schools.

32. What are the board's legal requirements regarding approval of international schools?

Not applicable; CSLB does not approve international schools.

Continuing Education/Competency Requirements

33. Describe the board's continuing education/competency requirements, if any. Describe any changes made by the board since the last review.

CSLB does not have a continuing education or continuing competency requirement.

- a. How does the board verify CE or other competency requirements? Has the Board worked with the Department to receive primary source verification of CE completion through the Department's cloud?

Not applicable.

- b. Does the board conduct CE audits of licensees? Describe the board's policy on CE audits.

Not applicable.

- c. What are consequences for failing a CE audit?

Not applicable.

- d. How many CE audits were conducted in the past four fiscal years? How many fails? What is the percentage of CE failure?

Not applicable.

- e. What is the board's course approval policy?

Not applicable.

- f. Who approves CE providers? Who approves CE courses? If the board approves them, what is the board application review process?

Not applicable.

g. How many applications for CE providers and CE courses were received? How many were approved?

Not applicable.

h. Does the board audit CE providers? If so, describe the board's policy and process.

Not applicable.

i. Describe the board's effort, if any, to review its CE policy for purpose of moving toward performance-based assessments of the licensee's continuing competence.

Not applicable.

DRAFT

Section 5 – Enforcement Program

Enforcement Program Overview

CSLB's mission is to protect consumers by regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction. Two of the ways in which CSLB accomplishes this are:

- Enforcing the laws, regulations, and standards governing construction contracting in a fair and uniform manner; and
- Providing resolution to disputes that arise from construction activities;

As a result, more than half of CSLB's staffing is within the Enforcement division, most of whom work directly on consumer complaints. In fiscal year 2017-18, CSLB conducted 19,687 investigations, of which 16,937 were in response to consumer-filed complaints.

Enforcement staff are authorized to investigate complaints against licensees, non-licensees acting as contractors, and unregistered home improvement salespeople. CSLB administrative enforcement actions against licensees are prosecuted pursuant to the Administrative Procedure Act. In addition, CSLB may refer cases involving criminal or anti-competitive activity to district attorneys who may prosecute such cases under the Penal Code (PC) or the Unfair Competition Law (Business and Professions Code section 17200).

Most of the complaints CSLB receives are filed by residential property owners who contracted for home improvement and repair projects. CSLB also receives complaints from other members of the public, licensees, industry groups, governmental agencies, and others. These complaints cover all aspects of the construction industry.

CSLB utilizes several corrective and disciplinary tools to compel compliance with contractors' state license law. Investigations that may support a violation of contractors' state license law can result in:

- A negotiated settlement and/or issuance of advisory notice;
- Issuance of a letter of admonishment (which may include mandatory training or compliance checks), or citations (which may include a fine and/or order of abatement or correction; or informal settlement conference);
- Filing an accusation (which may lead to license revocation, suspension, or probation with terms and conditions); or
- Possible criminal charges or civil filings.

CSLB's complaint process involves several steps through which cases may pass:

- Complaint receipt, screening, and mediation, if appropriate, in an attempt to resolve the complaint without a field investigation and possible referral for legal action;

- Formal arbitration of cases that meet certain criteria, to achieve resolution without disciplinary action;
- Formal investigation to determine if any serious violations of contractors' state license law have occurred.

Depending on the gravity of the violation, the completed investigation may result in issuance of an advisory notice for technical or minor violations. A letter of admonishment or citation may be issued for serious violations that require complaint disclosure and possible corrective action (but not license suspension or revocation). Egregious violations that warrant license suspension or revocation are referred to the attorney general's office for the filing of an accusation. In addition, investigations supporting criminal violations are referred to district attorneys for prosecution.

Licensees subject to CSLB action can appeal a letter of admonishment, which results in an office conference with a CSLB Program Manager, or appeal a citation or accusation, which leads to an evidentiary hearing before an administrative law judge from the Office of Administrative Hearings. The ALJ's proposed decision is submitted to the CSLB registrar for final agency decision. The licensee may pursue judicial review of the registrar's decision.

To address violations found in the field, CSLB investigators can:

- Issue misdemeanor Notices to Appear (NTA) for unlicensed activity and illegal advertising. The NTA is forwarded to a local city attorney or district attorney for possible criminal prosecution. NTAs are often issued during CSLB undercover sting operations;
- Issue Stop Orders to either licensed and unlicensed contractors who fail to carry workers' compensation insurance for employees.

Complaint Intake and Mediation Center

CSLB's two Complaint Intake and Mediation Centers (Sacramento and Norwalk) review all incoming complaints and focus on the settlement of most consumer complaints against licensed contractors and prepare unlicensed complaints for field investigation. If a resolution is reached and complied with, CSLB closes the complaint. If there is a technical violation, CSLB can issue an advisory notice.

In 2016, the Board adopted a goal to settle 30 percent of complaints against licensees that do not involve a serious violation of law. As shown in the table below, over the last four fiscal years, more than 40 percent of licensee complaints have been mediated, with significant restitution to injured parties as part of settlements.

LICENSEE COMPLAINTS	FY 2014–15	FY 2015–16	FY 2016–17	FY 2017–18
Percent of Complaints Settled	41%	44%	45%	46%
Financial Restitution Awarded	\$11,059,999	\$7,908,136	\$12,179,462	\$17,956,514

If a settlement cannot be reached, or if a case is complex, or if the contractor is a repeat or egregious offender who may pose a threat to the public, CSLB investigates the case further.

Investigation

CSLB maintains eight ICs (Fresno, Norwalk, Sacramento, San Bernardino, San Diego, San Francisco, Valencia, and West Covina) and four satellite offices (Bakersfield, Oxnard, Redding, and Santa Rosa). See tables 9a and 9b for statistics related to referrals for investigation.

During investigations, CSLB receives significant help from licensees who participate in an “Industry Expert Program.” Licensees use their expertise to assess and report on workmanship issues, including departures from trade standards and/or project specifications. They also quantify the value of work and financial damages. These reports are utilized in disciplinary actions or to promote dispute resolution.

Arbitration

CSLB administers two arbitration programs to encourage the settlement of consumer-contractor and contractor-contractor disputes without disciplinary action. Disputes regarding contracts worth \$15,000 or less, which meet arbitration criteria, are referred to CSLB’s Mandatory Arbitration Program. Disputes involving contracts greater than \$15,000 but less than \$50,000, may be referred to CSLB’s Voluntary Arbitration Program with the concurrence of both the complainant and the contractor.

Pursuant to BPC §7085, complaints referred to arbitration must meet several criteria, including:

- The licensee does not have a history of repeated or similar violations;
- The license was in good standing at the time of the alleged violation;
- The licensee has no outstanding disciplinary actions filed against him or her; and
- There is reasonable grounds to believe that the public interest would be better served by arbitration than by disciplinary action.

CSLB maintains a contract with an outside company, Arbitration Mediation Conciliation Center (AMCC), to administer the arbitration program. If CSLB refers a case to arbitration, AMCC gathers information about the dispute, sets a hearing date, and assigns an arbitrator to hear the case at a relatively informal hearing (which is frequently conducted by the parties themselves without the assistance of counsel). CSLB will pay for the services of one expert witness to testify at the hearing; the parties may pay for additional experts to testify. Following submission of the case, the arbitrator has 30 days in which to issue his or her decision. The entire arbitration process averages 49 days.

CSLB arbitrations are binding and the parties have only a limited ability to challenge the arbitrator’s decision in court. Arbitration decisions are also confidential and, thus, not disclosed on CSLB’s website, or elsewhere, unless a contractor against whom a monetary award is entered fails to pay that award within 90 days (at which time CSLB suspends the contractor license and posts that action on its website).

AMCC has administered CSLB’s arbitration program for the past 12 years and has heard more than 8,800 CSLB arbitration proceedings. In fiscal year 2017-18, 759 complaints were referred to the arbitration program; 567 awards were rendered. These resulted in \$3,150,804 in restitution ordered to financially injured persons. In addition, 105 licenses were revoked for failure to comply with an arbitration award. AMCC received a 97 percent satisfaction rating in a survey of participants.

Arbitration 2014 – 2017 (by calendar year)				
	2014	2015	2016	2017
Cases Initiated	401	455	784	759
Decisions Received	307	343	585	567
Monetary Awards	\$1,317,812	\$1,523,348	\$2,585,827	\$3,150,804
Revoked/Non-Compliant	22	26	42	105
Mandatory Cases Heard	312	345	592	506
Voluntary Cases Heard	59	56	93	77

Enforcement Tools

Advisory Notice

As part of its effort to resolve minor and isolated violations of contractors' state license law in an expeditious and effective manner, CSLB issues advisory notices to licensees. The notice, which is not publicly disclosed, informs the licensee that CSLB is aware of the violation, reviews how to comply with the particular provisions of law at issue, and notes that a future occurrence of the same violation may result in more stringent actions by the board.

Letters of Admonishment

The letter of admonishment (LOA) is a new, intermediate level of corrective action, between an advisory notice and a citation that CSLB began to use July 1, 2018, with licensed contractors who have engaged in less egregious violations. The LOAs were authorized by Senate Bill (SB) 486 (Monning) and added enabling language to BPC §7099.2 and §7124.6. Recipients may appeal a letter of admonishment, which are handled internally by CSLB without a formal hearing. Letters of admonishment are intended to enhance public protection by both requiring prompt corrective action by the recipient and disclosing the violation to the public for one year (compared to a five-year disclosure for a citation).

Citations

When an investigation determines that a licensee has committed any act or omission that justifies denial, suspension, or revocation of the license, CSLB has the authority to issue a citation (BPC §7099). CSLB also has the authority to issue a citation when an investigation determines that a person is acting in the capacity of a contractor or home improvement salesperson without being licensed or registered.

Although a citation is not considered formal discipline, it can include a civil penalty assessment of up to \$5,000, and may include an order of restitution to the financially injured party. If a licensee does not comply with the terms and conditions of a citation, his or her license will be automatically suspended

for 90 days. If the terms and conditions are not met within 90 days of the automatic suspension, the cited license and any other contractor licenses issued to the licensee will automatically be revoked.

The licensee can appeal a citation. Appeals are heard before an administrative law judge, where CSLB is represented by the attorney general's office. 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.

Informal Citation Conferences

In the past, those who received administrative citations were able to attend an informal mandatory settlement conference (MSC) before an administrative law judge, where they could informally plead their case prior to a formal hearing. This successful program resulted in the resolution of 211 citations in 2017, which saved CSLB an estimated \$1.1 million in attorney general office fees. However, in December 2017, the attorney general's office assumed responsibility for the program while CSLB pursued statutory authority to conduct these settlement conferences in-house.

Per SB 1042 (Monning, 2018), effective January 1, 2019, CSLB will resume settlement conferences, newly named informal citation conferences. In accordance with the legislation, settlement conferences will be conducted by CSLB staff, and are intended to serve the same function as the MSCs. After the citation conference, CSLB may affirm, modify, or dismiss the respondent's citation.

In accordance with the Administrative Procedures Act, an appealed citation not resolved by an informal settlement conference is heard before an administrative law judge at an administrative hearing.

Accusations

For the most egregious violations of contractors' state license law, CSLB can recommend an accusation, which can result in the suspension or revocation of a license. Accusation recommendations are sent to the attorney general's office. If the AG's office determines there is sufficient evidence to substantiate a disciplinary action the case proceeds. The licensee is afforded due process and the right to appeal the administrative disciplinary action.

Appeals are heard before an administrative law judge, where the attorney general's office represents CSLB and where licensees may represent themselves or hire an attorney. The ALJ forwards his or her "proposed decision" to CSLB's registrar, who makes the final agency decision to adopt, non-adopt, or modify the decision. If an accusation is filed and upheld, the license may be suspended or revoked, both of which are publicly disclosable.

Often the AG's office negotiates a stipulated agreement before the case is heard by an administrative law judge. In these instances, the licensee may stipulate to revocation or a negotiated settlement may be reached, whereby the license is revoked and stayed with conditions that include posting a disciplinary bond and often require restitution to financially injured parties. A stipulated settlement allows the licensee to continue to operate under probationary status from two to five years. A "probation monitor" checks for compliance with the terms and conditions of the probation. If those terms are met, CSLB submits a request to the AG's office to reimpose license revocation.

Referrals to Local Prosecutors

CSLB has close working relationships with city and district attorneys throughout California who have shown a willingness to partner on criminal investigations and to prosecute consumer protection cases. A handful of cities around the state have a city attorney's office, which prosecutes misdemeanor cases. County district attorney offices prosecute both misdemeanor and felony cases.

Most criminal investigations involve unlicensed operators who have financially injured consumers and/or continued to operate illegally despite receiving administrative citations. However, other criminal investigations target especially egregious offenders, both licensed and unlicensed. As noted previously, those caught in CSLB undercover sting operations are subject to criminal prosecution.

To maximize the efficiency of its efforts, CSLB enforcement staff has identified prosecutors across the state who:

1. Specialize in elder abuse cases;
2. Have received special funding from the California Department of Insurance to prosecute workers' compensation insurance fraud cases;
3. Prosecute complex criminal cases that involve predatory contractors who often operate their businesses throughout the state targeting vulnerable consumers, including the elderly and those who do not speak English.

Pursuant to BPC §7123, a criminal conviction of a construction-related crime or a crime substantially related to the qualifications, functions, and duties of a contractor is cause for disciplinary action against a licensee. Therefore, when a licensee faces pending criminal prosecution CSLB can petition the court to suspend the license, or immediately following conviction of a substantially-related crime, CSLB may take an administrative disciplinary action to revoke the license.

34. What are the board's performance targets/expectations for its enforcement program? Is the board meeting those expectations? If not, what is the board doing to improve performance?

BPC §7011.7 sets CSLB's statutory mandate regarding the length of time in which to complete a complaint investigation. The statutory goal for routine investigations is 180 days (six months) from receipt of the complaint to completion of the investigation. For complaints that involve complex fraud issues or contractual arrangements the statutory goal for completing the review and investigation is one year.

As shown in Table 9b (in response to question #35), CSLB's Enforcement division consistently meets this mandate, averaging 83.7 days from receipt of a complaint to completed investigation. This is less than half the statutory goal of 180 days.

Board-Adopted Performance Goals

In February 2006, the Board adopted complaint-handling performance targets that exceed the statutory mandate.

The Intake and Mediation Center has a Board-adopted goal to close licensee complaints within 60 days through mediation and negotiation. In addition, CSLB has consistently met the goal to settle

(with restitution paid) 30 percent of licensee complaints without the need for a comprehensive investigation.

The Board also set a goal to have no more than 100 aged complaints (those that have been open more than 270 days or nine months) at any given time.

For the first three of the past four fiscal years, CSLB averaged fewer than 81 aged cases; the number grew to 119 in FY 2017-18, in part, because of an 11 percent increase in complaints filed, as well as the redirection of staff from complaint processing and investigations to post-disaster work, as noted in more depth below.

ENFORCEMENT CASES EXCEEDING 270 DAYS IN AGE				
FY 2014–15	FY 2015–16	FY 2016–17	FY 2017–18	Total Average
67	97	78	119	90

35. Explain trends in enforcement data and the board's efforts to address any increase in volume, timeframes, ratio of closure to pending cases, or other challenges. What are the performance barriers? What improvement plans are in place? What has the board done and what is the board going to do to address these issues, i.e., process efficiencies, regulations, BCP, legislation?

As shown in Table 9a (at the end of the narrative response), the number of investigations CSLB conducted increased from 17,815 in FY 2016-17 to 19,687 in FY 2017-18 – an increase of 11 percent. This equates to more than 150 additional investigations each month.

During that same period, both the number of accusations CSLB filed, as well as the number of citations CSLB issued increased 13 percent. As noted above, over the past ten months, CSLB has regularly redirected enforcement staff to assist wildfire survivors with disaster recovery. CSLB has also undertaken several proactive enforcement programs, as described below.

Despite these demands, as noted in the response to question 34, CSLB has consistently met the consumer complaint-handling goals established in BPC §7011.7. However, if workloads continue to increase, the Board will consider submission of a Budget Change Proposal to obtain additional staffing.

Enforcement Workload

Increased Complaint Handling

Complaint-handling statistics show that CSLB Enforcement division staff are operating at higher-than-optimum caseloads. The target maximum number of complaints per Enforcement Representative is 35. As of July 2018, staff averaged 39 cases per ER.

CSLB Enforcement management continues to work closely with both CSLB and DCA human resources to fill vacancies as quickly as possible. In addition, CSLB's 2019-21 strategic plan

includes an objective to establish a dedicated position for job recruitment. That person would be tasked with proactively reaching out to potential job candidates and encouraging them to apply for open positions.

Disaster Response

As part of its consumer protection mandate, CSLB is responsible for quickly responding to natural disasters to help protect those whose homes, businesses, and/or property were damaged or destroyed as they begin to make repairs and rebuild.

From fall 2017 through summer 2018, at least 50 different wildfires and resulting mudslides led to the deaths of 69 people, the destruction of approximately 11,000 structures, and damage to more than 1,750 structures. The frequency, severity, and, sometimes remoteness of these disasters tested the ability of all government agencies to respond, including CSLB.

The wildfires and mudslides prompted one of the largest coordinated disaster responses in CSLB's almost 90-year history. The commitment has included staffing more than two dozen local assistance centers, established by the Governor's Office of Emergency Services, or disaster relief centers, established by the Federal Emergency Management Agency (FEMA), in 20 different counties. The centers, which were open from one day to one month, provided a single location for wildfire survivors to receive services and information.

Responding to this unprecedented number of disasters has placed a significant workload strain on CSLB. From fall 2017 through June 2018, CSLB employees, mostly drawn from the Enforcement division, worked almost 3,600 hours at the relief centers – the equivalent of 90 work weeks. This total does not include the enforcement sweeps and sting operations in the various fire zones, or the time involved in investigating leads provided by survivors, industry groups, local building departments, and others.

The increased workload has led to a decrease in the number of complaints an investigator can close each month, and the length of time it takes to investigate complaints. (This is also discussed in CSLB's response to prior issue #1 in section 10, Board Action and Response to Prior Sunset Issues and issue" #5 in section 11, New Issues.)

Solar Task Force

CSLB constantly monitors consumer complaint trends to ensure its limited resources are allocated appropriately. In recent years, alongside the explosive growth in solar, has been an increase in the number of complaints regarding residential solar systems. Solar complaints often involve issues not seen in most other license classifications.

In fiscal year 2017-18, CSLB received 948 solar-related complaints – a 47 percent increase over fiscal year 2016-17, and a 187 percent increase over the number of complaints received in fiscal year 2015-16. While some of these allege common violations, including departing from accepted trade standards, not including required home improvement contract elements, and abandonment of a contract, most solar-related complaints have involved issues with the sales/lease process, alleged misrepresentation of contract terms, inaccurate predictions of solar system power production, overstated promises of cost savings, or promoting financing that may not be in a consumer's best interest. In many cases, unscrupulous business practices

lock consumers into unfavorable, long-term contracts, or with systems that perform below promised expectations.

In 2015, CSLB redirected enforcement staff to establish a Solar Task Force. At its peak, nine investigators, along with CSLB's Public Affairs staff, worked with industry, allied government agencies, and other stakeholders to reduce the number of consumer solar complaints. Their efforts include working with solar industry practitioners willing to adopt better business practices, taking legal action against others, and identifying strategies to reduce exploitive or predatory business practices.

A "Solar Smart" website page (http://www.cslb.ca.gov/Consumers/Solar_Smart/) for CSLB's website was also developed and promoted to provide consumers with easy-to-understand information on solar power, including questions to ask in order to determine if solar power is a good choice, an overview of the various financing options, including Property Assessed Clean Energy (PACE), how to hire a contractor, and other online solar resources. Between its launch on March 30, 2017 and August 27, 2018, the Solar Smart page was viewed more than 5,400 times.

Increased Enforcement of Workers' Compensation Violations

To maintain an active CSLB license, licensees must either file a Certificate of Workers' Compensation (WC) Insurance or a Certificate of Self-Insurance (issued by the Department of Industrial Relations) with CSLB or, if the licensee does not have employees, file an WC exemption.

Licensees who file a false WC exemption are subject to disciplinary action and cancellation of that false exemption, which can lead to license suspension. False exemptions also are cancelled when a Stop Order is issued by investigators in the field, or by staff who obtain evidence from a complaint that a licensee has employees.

Fifty-five percent of all licensees have an exemption from WC on-file with CSLB. Moreover, the results of a CSLB study conducted in Fall 2017, determined that 59 percent of randomly-selected contractors in four classifications that perform employee-intensive construction (Concrete, Earthwork/Paving, Landscaping, and Tree Trimming) had false workers' compensation exemptions on file with CSLB.

In late 2017, the CSLB Enforcement Committee created a two-person Advisory Sub-Committee comprised of two Board members to develop strategies to address workers' compensation insurance avoidance. CSLB staff are working closely with multiple state agencies to enhance WC enforcement, including the Employment Development Department, California Occupational Safety and Health, Division of Labor Standards Enforcement, California Department of Insurance, and State Compensation Insurance Fund (SCIF). CSLB is also considering preparation of legislative proposals to add mandatory workers' compensation insurance requirements for specified license classifications likely to employ workers (as is now in place for the C-39 Roofing classification).

Building Permit Enforcement

Failure to obtain proper building permits can be among the most serious violations CSLB investigates. Buildings that are not inspected and that do not meet building code requirements can jeopardize the safety of both workers and occupants. These violations also put contractors who do comply with code requirements at a competitive disadvantage. Over the last four years, CSLB investigated 4,400 building permit violations, and took legal action in approximately 1,200 of those cases.

The Board has established a two-member Building Permit Advisory Committee, comprised of two Board members, to explore strategies intended to increase contractor compliance with local building permit requirements. Actions taken so far include:

- Enhancements to CSLB’s website that allow direct reporting of suspected permit violations.
- Development of a model operational agreement for use between CSLB and participating building departments to actively report and properly document permit violations.
- Production of a video training course on permit compliance, which was developed in cooperation with building department officials. Through use of the newly-implemented letter of admonishment and its associated “corrective action plan,” CSLB will require contractors who violate permit requirements to successfully complete this training course.

Table 9a. Enforcement Statistics				
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
COMPLAINT				
Intake				
Received	18,692	17,437	17,815	19,687
Closed	149	122	158	419
Average Time to Close (# of Days)	1.0	1.1	2.7	1.3
Pending (close of FY)	1,570	1,326	1,694	1,656
Referred to Mediation and/or Investigation	18,543	17,315	17,657	19,268
Source of Complaint				
Public	13,254	13,803	14,672	16,937
Licensee/Professional Groups	1,221	1,002	861	788
Governmental Agencies	294	237	133	236
Other	3,923	2,395	2,149	1,726
Conviction / Arrest				
Convictions Received	1,030	1,253	1,060	987
Convictions Closed	989	1,223	1,139	970
Average Time to Close	49.7	53.7	59.6	61.7
Convictions Pending (close of FY)	115	187	133	158
LICENSE DENIAL				
License Applications Denied	75	59	73	33
Statements of Issues Filed	73	108	43	63

SOIs Withdrawn	17	15	5	5
SOIs Dismissed	1	0	1	0
SOIs Declined	N/A	N/A	N/A	N/A
Average Days SOI	511.4	344.5	280.6	256.7
ACCUSATION				
Accusations Filed	229	275	304	342
Accusations Withdrawn	17	16	14	18
Accusations Dismissed	1	2	2	1
Accusations Declined	N/A	N/A	N/A	N/A
Average Days Accusations	489.5	500.0	468.0	459.4
Pending (close of FY)	NDA	NDA	NDA	NDA
DISCIPLINE				
Disciplinary Actions				
Proposed/Default Decisions	244	215	172	226
Stipulations	102	76	74	117
AG Cases Opened/Initiated	415	652	571	524
AG Cases Closed	403	350	417	411
Average Days to Complete	831.0	832.0	765.0	764.0
AG Cases Pending (close of FY)	513	646	646	590
Disciplinary Outcomes				
Revocation	317	251	258	305
Voluntary Surrender	0	0	0	0
Suspension	17	14	30	10
Probation with Suspension ¹	1	0	0	0
Probation ²	96	87	91	110
Probationary License Issued	97	75	100	64
Other	79	62	78	110

Table 9b. Enforcement Statistics (continued)

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
INVESTIGATION				
All Investigations				
First Assigned	19,722	18,690	18,875	20,674
Closed	20,016	19,745	19,390	21,584
Average days to close	77.2	88.2	81.5	83.7
Pending (close of FY)	4,343	4,071	4,601	4,638
Desk Investigations				
Closed	7,326	7,078	6,832	8,948
Average days to close	47.0	51.1	42.0	40.6
Pending (close of FY)	1,570	1,326	1,694	1,656
Non-Sworn Investigation				
Closed	12,120	12,101	12,006	12,028
Average days to close	94.7	108.9	103.1	114.2
Pending (close of FY)	2,571	2,620	2,662	2,763
Sworn Investigation				
Closed	570	566	552	608
Average days to close	149.5	185.5	186.8	213.9
Pending (close of FY)	202	125	245	219
COMPLIANCE ACTION				
ISO & TRO Issued	NDA	NDA	NDA	NDA
PC 23 Orders Requested	42	55	76	23
Other Suspension Orders	NDA	NDA	NDA	NDA
Public Letter of Reprimand	0	0	3	1
Cease & Desist/Warning*	1,741	1,823	1,625	2,822
Referred for Diversion	NDA	NDA	NDA	NDA
Compel Examination	NDA	NDA	NDA	NDA
CITATION AND FINE				
Citations Issued	2,260	2,191	2,005	2,271
Average Days to Complete	159.8	172.8	168.8	157.4
Amount of Fines Assessed	\$4,295,210	\$3,957,801	\$4,286,600	\$5,440,922
Reduced, Withdrawn, Dismissed	643	794	546	506
Amount Collected	\$1,868,104	\$2,067,344	\$2,167,110	\$2,061,985
CRIMINAL ACTION				
Referred for Criminal Prosecution	1,365	1,394	1,688	1,686

*Stop Orders issued by CSLB

Table 10. Enforcement Aging

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	Cases Closed	Average %
Attorney General Cases (Average %)						
Closed Within:						
0 - 1 Year	172	167	185	235	759	48%
1 - 2 Years	160	124	176	134	594	38%
2 - 3 Years	54	43	42	35	174	11%
3 - 4 Years	10	9	10	6	35	2%
Over 4 Years	7	7	4	1	19	1%
Total Attorney General Cases Closed	403	350	417	411	1,581	
Investigations (Average %)						
Closed Within:						
90 Days	14,591	13,174	13,723	15,593	57,081	71%
91 - 180 Days	2,721	3,296	2,829	2,455	11,301	14%
181 - 1 Year	2,587	3,128	2,687	3,368	11,770	15%
1 - 2 Years	116	145	142	161	564	1%
2 - 3 Years	1	0	5	2	8	0%
Over 3 Years	0	2	4	5	11	0%
Total Investigation Cases Closed	20,016	19,745	19,390	21,584	80,735	

36. What do overall statistics show as to increases or decreases in disciplinary action since last review?

In FY 2017-18, disciplinary actions (license revocation or suspension) resulting from CSLB accusations, citations, and arbitration equated to 681 license revocations and 366 license suspensions. These totals include cases where the license was revoked by accusation or where the licensee did not comply with an arbitration award or citation. By law, these licenses are suspended and, if the licensee fails to comply with the order within 90 days, are revoked.

The total number of legal disciplinary actions has remained relatively stable since the last Sunset Review, and the total of 1,047 disciplinary actions in FY 2017-18, is almost identical to the number taken in FY 2013-14 (when the total was 1,042).

37. How are cases prioritized? What is the board's complaint prioritization policy? Is it different from DCA's Complaint Prioritization Guidelines for Health Care Agencies (August 31, 2009)? If so, explain why.

CSLB's Enforcement division carefully establishes its priorities and programs to best fulfill its mandate to protect consumers and to meet Board objectives. Cases involving an immediate threat to public safety, criminal activity, or widespread victimization of vulnerable consumers receive the highest priority for investigation.

Since its adoption in 2013, a multi-variable matrix of case type and information source has helped guide Enforcement management and field supervisors in their case prioritization (see below).

	Elder Abuse	Predatory Criminal Acts	Health & Safety Code Violations	Unlicensed Practice	Workmanship Complaints	Workers' Compensation Violations	Misuse of a License	Failure to Obtain or Classification	Working Out of Classification	Electrician Certification	Advertising Violations
Elected Officials											
District Attorneys											
Consumers											
State and Local Government											
Industry Associations											
Media Referrals											
Employees											
Building Officials											
Local Volunteer Groups											
Proactive Enforcement											
Anonymous Tips											

HIGHER PRIORITY

LOWER PRIORITY

CSLB's complaint prioritization procedures are consistent with the Department of Consumer Affairs' *Complaint Prioritization & Referral Guidelines* of December 2017 (which are similar to, but postdate, the *Complaint Prioritization Guidelines for Health Care Agencies*).

38. Are there mandatory reporting requirements? For example, requiring local officials or organizations, or other professionals to report violations, or for civil courts to report to the board actions taken against a licensee. Are there problems with the board receiving the required reports? If so, what could be done to correct the problems?

There are no mandatory reporting requirements at present. However, legislation is currently pending (Senate Bill 1465, Hill) that would add a mandatory reporting requirement for licensees.

SB 1465 would require licensees to report to CSLB within 90 days civil action judgments, executed settlement agreements, arbitration awards, or administrative actions that result in a judgment, settlement, or arbitration award and which meet certain specified criteria. SB 1465 was drafted in cooperation with CSLB in response to the 2015 collapse of an apartment building balcony in Berkeley that killed six people and injured seven others. [Mike: Update if/when signed]

a. What is the dollar threshold for settlement reports received by the board?

Not applicable

b. What is the average dollar amount of settlements reported by the board?

Not applicable.

39. Describe settlements the board, and Office of the Attorney General on behalf of the board, enter into with licensees.

The Office of the Attorney General will often seek a stipulated settlement of CSLB’s administrative cases. In many cases, settlement terms will be a stipulated revocation of a contractor’s license and/or home improvement salesperson registration. When appropriate, and if consumer protection can be achieved, CSLB will stipulate to a stayed revocation and place the registration and/or license on probation for a period with specific terms and conditions.

As discussed earlier in this report, most incoming complaints are first processed by one of CSLB’s two Intake and Mediation Centers (IMC). If appropriate, the IMC staff attempts to mediate a mutually-agreeable settlement between the complainant and the respondent. Over the last four fiscal years, more than 40 percent of licensee complaints have been settled at this level, with significant restitution to injured parties as part of settlements.

Beginning in 2001, CSLB began conducting informal Mandatory Settlement Conferences (MSCs) for cases where a licensee was issued a citation. During these conferences, a licensee’s license history and the gravity of the violation was considered. In most cases, the respondent’s civil penalty assessment was reduced. As noted above, in December 2017, the Attorney General’s Office assumed responsibility for the program while CSLB pursued statutory authority to conduct these settlement conferences in-house. Conducting mandatory settlement conferences saved CSLB an average \$2.8 million in legal fees per year between 2014 and 2017.

Per SB 1042 (Monning, 2018), effective January 1, 2019, CSLB will resume settlement conferences, newly named informal citation conferences. In accordance with the legislation, settlement conferences will be conducted by CSLB staff, and are intended to serve the same function as the MSCs. After the citation conference, CSLB may affirm, modify, or dismiss the respondent’s citation. The licensee may appeal the registrar’s decision.

a. What is the number of cases, pre-accusation, that the board settled for the past four years, compared to the number that resulted in a hearing?

None. If a violation is serious enough to warrant license suspension or revocation, CSLB will not settle the case prior to the issuance of an accusation.

b. What is the number of cases, post-accusation, that the board settled for the past four years, compared to the number that resulted in a hearing?

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Proposed Decisions	105	77	95	78
Stipulated Settlements	117	96	102	127

c. What is the overall percentage of cases for the past four years that have been settled rather than resulted in a hearing?

During the past four fiscal years, 55 percent of accusation cases have been settled prior to hearing.

40. Does the board operate with a statute of limitations? If so, please describe and provide citation. If so, how many cases have been lost due to statute of limitations? If not, what is the board's policy on statute of limitations?

BPC §7091 contains the statute of limitations provisions applicable to the board. Complaints alleging any patent actions or omissions must be filed within four years after the alleged act or omission. A disciplinary action resulting from such a complaint must be filed or referred to arbitration within four years of the act or omission, or within 18 months from the date the complaint is filed, whichever is later.

Complaints alleging any latent act or omission regarding structural defects must be filed within 10 years after the latent act or omission. A disciplinary action resulting from such a complaint must be filed within 10 years of the act or within 18 months from when the complaint is filed, whichever is later.

For fiscal year 2017-18, 558 cases were closed because the applicable statute of limitations had expired. In almost all of these cases, the statute of limitations had expired before the complaint was filed with CSLB.

41. Describe the board's efforts to address unlicensed activity and the underground economy.

Unlicensed activity and the underground economy continue to present challenges for CSLB, its partners, and the construction industry. Unlicensed and unscrupulous contractors who skirt legal requirements unfairly compete against those who comply with licensing, permit, payroll tax, and workers' compensation (WC) laws and regulations.

CSLB estimates that tens of thousands of California contractors – both licensed and unlicensed – routinely break the law and contribute to the state's underground economy.

Education

As part of its effort to address unlicensed contracting and to assist people in the licensing process, CSLB began to conduct educational and informational workshops to review the benefits of getting a contractor license, provide an overview of licensing requirements, explain the steps involved in obtaining a license, and to answer questions from participants.

In August 2016, CSLB staff presented information about licensing in Spanish to approximately 150 people at the Mexican Consulate in Los Angeles, and in February, May, September, and October 2017, CSLB conducted Spanish-language licensing workshops in Pasadena, Concord, Santa Cruz, and Mountain View to an average audience of 30 people.

In November 2017, CSLB launched a new program of workshops to assist potential and likely license applicants. The monthly workshops, conducted in English and Spanish, are held at CSLB offices in Sacramento and Norwalk to an average audience of 30-50 people.

On March 20, 2018, CSLB conducted a Spanish-language licensing workshop at the Mexican Consulate in Los Angeles for an estimated audience of 300.

Enforcement

No single state agency has the resources or the information to tackle the underground economy alone. Therefore, CSLB partners with other state and federal agencies that have overlapping jurisdictions to more effectively enforce tax, labor, and insurance laws and requirements.

As part of this combined enforcement effort, investigators with CSLB's Statewide Investigative Fraud Team (SWIFT) participate in two specialized task forces established to address the underground economy:

- The Joint Enforcement Strike Force (JESF). Established in 1995, JESF partners include CSLB, the Employment Development Department, the Franchise Tax Board, the Department of Industrial Relations Division of Labor Standards Enforcement, and Division of Occupational Safety and Health. JESF's primary focus is to pursue criminal charges for license, tax withholding, and workers' compensation insurance violations.

Over the last four fiscal years, JESF enforcement activities resulted in the suspension of 2,672 contractor licenses for more than \$425,639,477 (includes \$2,648,810 attributed to one licensee for FTB liability) in outstanding tax and civil penalty liabilities. During this four-year period, CSLB successfully recovered \$99 million in outstanding tax liability for EDD, FTB, and DIR.

- The Labor Enforcement Task Force (LETF), which was established in 2012, includes CSLB, DIR, EDD, the California Department of Insurance, the Attorney General's office, Board of Equalization, and the Department of Consumer Affairs/Bureau of Automotive Repair. LETF members conduct sweeps at active job sites to verify employee wages and compliance with licensing, insurance, tax, and job safety requirements

LETF inspections conducted at construction sites in fiscal year 2017-18 found 86 percent of percent of contractors out of compliance with one or more contractors' state license law requirements.

Investigators with CSLB's SWIFT unit proactively enforce construction-related laws and requirements through sweeps and stings, often working with other task force members. In sting operations, investigators borrow a simulated construction site for one or more days and invite suspected illegal contractors to provide bids for a hypothetical construction job. Violators are issued a Notice to Appear or are referred for criminal prosecution.

During fiscal year 2017-18, CSLB conducted 67 enforcement stings and conducted 395 proactive enforcement "sweeps," visiting active construction sites to ensure compliance. During fiscal year 2017-18, CSLB also conducted enforcement sweeps, concentrated in wildfire disaster zones around the state.

CSLB also addresses the underground economy through the investigation of leads submitted by consumers, public agencies, other contractors, subcontractors, and employees. A "lead referral" form is available online. SWIFT staff screen incoming leads and, when appropriate, investigators will visit the jobsite and, if warranted, take action.

Workers' Compensation Enforcement

As also noted in response to question 35, CSLB has determined that 55 percent of all licensed contractors have a workers' compensation exemption on file with CSLB and that a review of randomly selected contractors in license classifications that perform employee-intensive work revealed that 59 percent had WC exemption on file.

In late 2017, the CSLB Enforcement Committee established a two-member advisory subcommittee comprised of two Board members to develop strategies to address WC insurance avoidance. CSLB is also considering the preparation of legislative proposals to add mandatory workers' compensation insurance requirements for specified high-labor license classifications (similar to that currently required for C-39 Roofing contractors).

Building Permit Enforcement

As described in response to question 35, the Board recently augmented its permit enforcement efforts, recognizing that these violations can jeopardize public safety and contribute to the underground economy. In November 2017, the Enforcement Committee established a two-person advisory subcommittee comprised of two Board members to explore strategies to increase contractor compliance with local building permit requirements. These efforts include, 1) website enhancements to facilitate reporting permit violations; 2) issuance of a draft operational agreement between CSLB and individual building departments to enhance information sharing and clarify responsibilities; and 3) development of a permit compliance course to be used as part of a corrective action plan when violators are issued a Letter of Admonishment for permit violations

CITE AND FINE

42. Discuss the extent to which the board has used its cite and fine authority. Discuss any changes from last review and describe the last time regulations were updated and any changes that were made. Has the board increased its maximum fines to the \$5,000 statutory limit?

CSLB has the authority to issue citations for violations of the Business and Professions Code. The minimum and maximum civil penalty assessments for contracting violations are set forth in the California Code of Regulations, Title 16, section 884. The specified penalties directly reflect the severity of the respective violation. There are 62 violations itemized in section 884. Twenty-four of these currently have a specified maximum penalty of \$5,000. In addition, CSLB has the authority to assess civil penalties up to \$15,000 to licensees and/or non-licensees involved or engaged in unlicensed activity.

A typical citation imposes a civil penalty for the violation(s) and may contain a correction order. A correction order may include, but is not limited to, requirements that the contractor pay financial restitution to the project owner, perform corrective work, or acquire a building permit.

Per the 2016-18 Enforcement strategic plan objectives, the Board directed staff to review the civil penalty guidelines in CCR 884 to determine if the range of penalties and assessment criteria used by CSLB provided the most effective consumer protection. The review resulted in a reassessment of the criteria related to "serious and harmful acts" and increasing civil penalties for "repeated acts." In fiscal year 2017-18 CSLB demonstrated a 58 percent increase in the average licensee penalty amount and a 32 percent increase for non-licensees. The 2,271 citations issued by CSLB in that fiscal year resulted in \$5,440,922 in assessed civil penalties.

The citation program continues to serve as an effective consumer protection tool to achieve compliance with contractors' state license law compliance, consumer restitution when appropriate, and complaint disclosure.

43. How is cite and fine used? What types of violations are the basis for citation and fine?

Pursuant to current law (BPC §7099) the registrar may issue a citation for serious violations of law that do not warrant license suspension or revocation. This can include an order to correct a project, make restitution to an injured party, and/or pay a civil penalty of up to \$5,000 for violations by licensees and \$15,000 for unlicensed contractors. Citations are generally issued for serious violations that do not include significant financial injury, repeated acts, or criminal violations. Citations have proven effective to achieve compliance with trade standards, permit requirements, and contracting requirements.

44. How many informal office conferences, Disciplinary Review Committees reviews and/or Administrative Procedure Act appeals of a citation or fine in the last 4 fiscal years?

CSLB does not have disciplinary review committees.

As noted in the Enforcement Program Overview, violators who received administrative citations were able to attend an informal mandatory settlement conference (MSC) before an administrative law judge, where they could informally plead their case prior to a formal hearing. This successful program resulted in the resolution of 211 citations in 2017, which saved CSLB an estimated \$1.1 million in attorney general office fees. However, in December 2017, the attorney general's office assumed responsibility for the program while CSLB pursued statutory authority to conduct these settlement conferences in-house.

Per SB 1042 (Monning, 2018) effective January 1, 2019, CSLB will resume settlement conferences, newly named informal citation conferences. In accordance with the legislation, settlement conferences will be conducted by CSLB staff, and are intended to serve the same function as the MSCs. After the citation conference, CSLB may affirm, modify, or dismiss the respondent's citation. Licensees may appeal the registrar's decision, which would result in a formal hearing.

Over the last four fiscal years, there have been 2,356 appeals filed out of 5,285 licensee citations; and 1,463 appeals out of CSLB's 3,425 non-licensee citations.

45. What are the 5 most common violations for which citations are issued?

The five most common violations for which CSLB issues citations are:

Licensees:

- | | |
|-------------|---|
| BPC §7107 | Abandonment |
| BPC §7109 | Poor Workmanship |
| BPC §7110 | Violation of Building Laws |
| BPC §7125.4 | Workers' Compensation—Filing of a False Workers' Compensation Exemption |
| BPC §7159 | Requirements for Home Improvement Contracts |

Non-Licensees:

BPC §7027	Advertising Violations
BPC §7028	Contracting Without a License
BPC §7153	Unregistered Home Improvement Salesperson
BPC §7159.5(a)(3)	Acceptance of Excessive Down Payment
LC §3700.5	Failure to Secure Workers' Compensation

46. What is average fine pre- and post- appeal?

During fiscal year 2017-18, the average pre-appeal fine was \$2,382; the average post-appeal fine was \$2,281.

47. Describe the board's use of Franchise Tax Board intercepts to collect outstanding fines.

CSLB has utilized the Franchise Tax Board's (FTB) intercept program to collect outstanding civil penalties, but stopped making referrals because FTB requires a Social Security number (SSN) to identify tax payers and CSLB does not have authority to collect SSNs from unlicensed individuals. Consequently, CSLB began contracting with a private collection agency to recover unpaid civil penalties. However, CSLB is now aware that FTB will permit referrals without an SSN if the referring agency pays FTB a fee to research the SSN.

In recent months, CSLB staff have made application to enroll in the FTB intercept program for the collection of outstanding fines. Upon approval CSLB will begin utilizing this program for both licensees and non-licensees alike.

COST RECOVERY AND RESTITUTION

48. Describe the board's efforts to obtain cost recovery. Discuss any changes from the last review.

Pursuant to BPC §125.3, CSLB may request that an administrative law judge direct a licensee found in violation of contractors' state license law pursuant to an administrative disciplinary action to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.

In fiscal year 2017-18, ALJs ordered \$1,623,148 in cost recovery to CSLB for disciplinary actions.

49. How many and how much is ordered by the board for revocations, surrenders and probationers? How much do you believe is uncollectable? Explain.

Cost recovery includes the cost of hours worked on the case by staff in CSLB's Intake and Mediation Centers, Investigative Centers, the cost of any services provided by an industry expert, and all costs for services provided by the attorney general's office for the case.

Over the past four fiscal years, approximately \$5.9 million in accusation cost recovery to CSLB has been ordered, and approximately \$1.4 million has been collected. Generally, if a license is revoked, CSLB does not collect any outstanding cost recovery ordered. However, as previously noted in response to question 47, CSLB has made application to enroll in the FTB intercept program for the collection of outstanding fines.

At the time of a license revocation, cost recovery is not sought. However, if a revoked licensee applies for a new license, 100 percent of the costs incurred to revoke the previously-held license is pursued, and a new license will not be issued until the costs are paid in full. In addition, the applicant must provide proof of full restitution to the injured party associated with the previously-revoked license before CSLB will issue a license.

CSLB does not permit the surrender of a license as part of the disciplinary process. If a contractor surrenders the license, CSLB will continue to pursue disciplinary action.

50. Are there cases for which the board does not seek cost recovery? Why?

Citations are not considered disciplinary actions, therefore, CSLB is not authorized to request cost recovery for administrative citations. Also, California law bars CSLB from seeking cost recovery in Statement of Issue cases – those that involve the denial of a license application.

51. Describe the board’s use of Franchise Tax Board intercepts to collect cost recovery.

CSLB does not use the FTB Intercept program for cost recovery and, instead, contracts with a private collection agency to collect civil penalties from unlicensed contractors. CSLB staff have applied to enroll in the FTB intercept program for the collection of outstanding fines from non-licensees and licensees.

Table 11. Cost Recovery				
(list dollars in thousands)				
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Total Enforcement Expenditures	\$32,636,031	\$33,791,809	\$33,902,260	\$34,777,171
Potential Cases for Recovery *	1,049	1,340	1,187	1,326
Cases Recovery Ordered	893	860	1,016	1,238
Amount of Cost Recovery Ordered	\$1,336,582	\$1,562,733	\$1,417,036	\$1,623,148
Amount Collected	\$289,418	\$267,267	\$381,736	\$507,225
“Potential Cases for Recovery” are those cases in which disciplinary action has been taken based on violation of the license practice act.				

52. Describe the board’s efforts to obtain restitution for individual consumers, any formal or informal board restitution policy, and the types of restitution that the board attempts to collect, i.e., monetary, services, etc. Describe the situation in which the board may seek restitution from the licensee to a harmed consumer.

There are several circumstances under which restitution may be made to a consumer:

- **Mediation Process:** Through mediation, the licensee and complainant may agree to finish the job, correct poor workmanship, or have the contractor pay the complainant the cost to complete and/or correct the job.

- Arbitration: If arbitration is ordered or agreed to, restitution may be ordered.
- Citation: If a citation is issued, the licensee may be ordered to correct the work or pay the consumer the cost to complete and/or correct the job.
- Unlicensed Contractor Who Applies for License: If an unlicensed contractor causes a financial injury, his or her name is entered into CSLB's computer records. Any attempt by that person to become a licensed contractor will first require resolution of the financial injury.
- Civil Judgment: If there is a construction-related civil judgment against the license, the licensee must pay or post a bond in the amount of the judgment.
- Accusation: If an accusation is filed, the administrative law judge's decision usually includes restitution to the consumer.

As shown in Table 12a and 12b, in FY 2017-18, consumers received \$44,647,812 in restitution. CSLB obtained the accusation and citation amounts from formal disciplinary actions.

CSLB's Licensing division, through enforcement of BPC §7071.17, can help a consumer receive civil judgment restitution. This law allows for automatic license suspension for any unpaid civil judgments. The suspension can be lifted only if the judgment is satisfied, a judgment bond posted, the judgment discharged in bankruptcy, or if the judgment expires in accordance with the applicable statutes. Also, BPC §7071.11 requires surety companies to report to CSLB any bond payouts made, however CSLB does not track how often or the amounts that the surety companies pay out.

Table 12a. Ordered Restitution (Formal Accusations) (list dollars in thousands)				
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Amount Ordered	\$3,416,735	\$2,609,457	\$1,888,878	\$5,968,320
Amount Collected	\$325,078	\$208,333	\$592,501	\$602,542

Table 12b. Other Consumer Restitution Collected/Refunded (list dollars in thousands)				
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Arbitrations	\$1,488,413	\$1,976,114	\$3,193,266	\$3,267,491
Citations	\$1,139,257	\$1,149,364	\$1,010,878	\$1,048,715
Complaints	\$15,479,751	\$13,292,103	\$19,578,470	\$23,035,201
Judgments	\$46,040,396	\$21,463,556	\$21,109,025	\$16,693,863
Total *	\$64,147,817	\$37,881,137	\$44,891,639	\$44,045,270
* "Total" also includes corrections with rework.				

Section 6 – Public Information Policies

53. How does the board use the internet to keep the public informed of board activities? Does the board post board meeting materials online? When are they posted? How long do they remain on the board's website? When are draft meeting minutes posted online? When does the board post final meeting minutes? How long do meeting minutes remain available online?

CSLB maintains a "Board Meetings" page on its website to publicize agenda and background materials for all committee and board meetings. Agendas are posted to the website at least 10 days prior to the meeting. In addition, this website section includes archive video of all meeting webcasts.

Board and committee meeting materials are usually posted online within one week of a meeting. All posted meeting materials remain online indefinitely.

Draft meeting minutes are not posted online; final minutes are posted after approval by the Board at its next quarterly meeting. Meeting minutes are not removed and remain available online indefinitely.

CSLB also maintains an extensive "Newsroom" page on its website, which includes links to all news releases, consumer alerts, industry bulletins, and licensee newsletters. The newsroom page also includes CSLB-produced videos.

54. Does the board webcast its meetings? What is the board's plan to webcast future board and committee meetings? How long do webcast meetings remain available online?

All CSLB Board and committee meetings are webcast, with the exception of the bi-annual spring strategic planning meeting and the rare emergency Board meeting, unless technical difficulties preclude a webcast. The format of the strategic plan meeting, which includes moving around the room and breaking into small groups, does not lend itself to being webcast.

In April 2016, CSLB became the first DCA regulatory board to provide real-time live captioning of its meeting webcasts.

All webcasts are posted to CSLB's YouTube Channel and remain online indefinitely.

55. Does the board establish an annual meeting calendar, and post it on the board's web site?

The Board's meeting calendar is included as an agenda item for all Board meetings. CSLB's "Board Meetings" website page is updated with upcoming meeting information as soon as it becomes available.

56. Is the board's complaint disclosure policy consistent with DCA's *Recommended Minimum Standards for Consumer Complaint Disclosure*? Does the board post accusations and disciplinary actions consistent with DCA's *Web Site Posting of Accusations and Disciplinary Actions* (May 21, 2010)?

CSLB's complaint disclosure policy is consistent with DCA's *Recommended Minimum Standards for Consumer Complaint Disclosure*.

CSLB posts accusation and disciplinary actions. The board maintains a website (www.cslb.ca.gov) and a toll-free number (1.800.321.CSLB) for use by the public to obtain general license information about a contractor. License status and a list of past and pending legal actions against the licensee are available. The website also provides information on the contractor's bond and workers' compensation insurance.

Beginning in July 2018, CSLB began to disclose letters of admonishment on license records for one year.

"Pending legal actions" are reported only when investigative staff has substantiated a complaint and legal action has been requested.

"Past legal actions" include citations previously issued against a licensee and any disciplinary action that resulted in probation, suspension, or revocation of the license.

Information concerning an arbitration decision is not made public unless the licensee fails to comply with the arbitration award. Failure to comply results, first, in suspension of the license, then, if such failure continues for 90 days, revocation of the license. CSLB reports civil judgments against a contractor when suspension is pending or has occurred.

Once CSLB determines that a probable violation of law has occurred, which, if proven, would present a risk of harm to the public and for which suspension or revocation of the contractor license would be appropriate, the date, nature, and status of the complaint are publicly disclosed. A disclaimer stating that the complaint is, at this time, only an allegation accompanies this disclosure.

Licensee citations are disclosed to the public from date of issuance and for five years from the date of compliance.

Accusations that result in suspension or stayed revocation of the contractor license are disclosed from the date the accusation is filed and for seven years after the accusation has been settled and includes the terms and conditions of probation. All revocations that are not stayed are publicly disclosed indefinitely from the effective date of the revocation.

CSLB Complaint Disclosure Policy		
Information	Publicly Disclosed	Not Disclosed
Complaint Filed		X
Arbitration Decision		X
Advisory Notice		X
Letter of Admonishment	X One Year	
Citation	X Five Years	
Fine	X Five Years	
Pending Investigation	Depends on allegation/status	
Investigation Completed	Depends on allegation/status	
Referred to Attorney General's Office	X	

Pre-Accusation		
Referred to Attorney General's Office Post-Accusation	X	
Settlement Decision	X	
Disciplinary Action Taken	X	
Civil Judgment	X	
Malpractice Decision		N/A
Criminal Violation:		
Felony	X	
Coordinate with District Attorney	X	
Misdemeanor	X	

57. What information does the board provide to the public regarding its licensees (i.e., education completed, awards, certificates, certification, specialty areas, disciplinary action, etc.)?

CSLB provides licensee information to the public through its “Instant License Check” website feature and toll-free automated phone system:

- Name/Address of Record
- Entity type
- License issue date
- License expiration date
- Current license status
- Additional information, including complaint disclosure, letter of admonishment, possible future suspension, etc.
- License classifications
- Bond information
- Workers’ compensation insurance information, with either information on claimed exemption or insurance company, policy number, effective and expiration dates, and workers’ compensation history
- Personnel list
- Registered salesperson list
- Information about other CSLB licenses held by personnel (current and/or disassociated)

To meet the mandate of AB 2486 (Baker, Statutes of 2016), in January 2018, CSLB launched a new “Find My Licensed Contractor” online tool. This feature allows users to search for licensed contractors by classification within a specific geographic area using either a city or zip code; randomly displayed results, which include a link to the licensee information page, are based on a licensee's address of record. All or part of the results can be downloaded to either a PDF or Excel file. The tool helps consumers search for a licensed contractor, contractors search for possible subcontractors, and awarding agencies look for licensed bidders for public works contracts.

58. What methods are used by the board to provide consumer outreach and education?

CSLB uses several methods to provide consumer outreach and education:

- Weekly news releases, industry bulletins, consumer alerts, and press events/news conferences regarding CSLB activities, undercover sting operations, and various consumer-protection messages

- Accelerated multi-faceted public outreach during and after disasters (wildfires, earthquakes, floods, etc.). This includes, staffing at disaster survivor centers; a special toll-free disaster hotline staffed during weekday business hours; and outreach to media, legislators, building departments, chambers of commerce, and others. CSLB also conducts or participates with local agencies to conduct rebuilding workshops targeted to either disaster survivors or those hoping to work during the rebuilding process. Following the 2017 wildfires, CSLB became the second state agency, after the Governor's Office of Emergency Services, to partner with NextDoor to direct outreach messages to specific neighborhoods affected by disasters. CSLB also distributes California Architects Board materials at the various disaster survivor centers.
- 24/7 access to publications and guides on CSLB's website and through the tollfree automated phone system: materials can be downloaded from www.cslb.ca.gov; faxed to consumers; and/or mailed to consumers.
- Statewide Senior Scam StopperSM educational seminars and Consumer Scam StopperSM seminars.
- Industry and consumer shows (including home shows, conferences, resource fairs).
- CSLB Speakers Bureau, using CSLB-trained staff representatives.
- Respond to daily media inquiries.
- "Most Wanted" website feature (highlights details of cases involving unlicensed contractors with active arrest warrants).
- Daily/weekly posts on social media sites (Facebook, Twitter and YouTube).

Section 7 – Online Practice Issues

59. Discuss the prevalence of online practice and whether there are issues with unlicensed activity. How does the board regulate online practice? Does the board have any plans to regulate internet business practices or believe there is a need to do so?

Among the biggest challenges CSLB faces in regard to online practices comes from Internet bulletin boards. Such websites allow unlicensed operators to advertise, usually for free, alongside legitimately licensed contractors. It is nearly impossible for consumers to determine if a contractor is licensed, especially for those unfamiliar with license requirements. Most online bulletin boards do not require that advertisers include a contractor license number in all advertisements, or for unlicensed operators, a statement that they are not state-licensed.

Enforcement personnel have focused on Internet advertisements in an effort to reduce this activity. For fiscal year 2017-18, CSLB investigated 498 Internet advertisements, of which 327 resulted in an enforcement action.

Other emerging issues involve online marketplaces and contractor referral websites. In its most basic form, online marketplaces are e-commerce websites that link consumers to products and/or services that are provided by multiple third parties. In these situations, the e-commerce operator processes the transactions. Many referral websites charge contractors a fee for leads.

To help reduce confusion among the public and online operators about who is required to have a state contractor license, in July 2018, CSLB issued a Fast Facts information sheet outlining requirements for these companies, and posted it on its website:

http://www.cslb.ca.gov/Resources/IndustryBulletins/Online_Marketplace_Fast_Facts.pdf

Section 8 – Workforce Development and Job Creation

60. What actions has the board taken in terms of workforce development?

After the fall 2017 wildfires, CSLB participated in a Construction Workforce Development Working Group. This group, convened by the Governor's Office of Business and Economic Development (GO-Biz), worked with federal and state government partners, as well as industry leaders representing home builders and organized labor, to identify the availability of a skilled construction workforce for reconstruction in the North Bay Area counties. The working group's first task was to develop a resource guide that identifies existing training programs available for individuals interested in entering the construction industry. CSLB also participated in both short- and long-term housing working groups to help coordinate post-disaster efforts in all areas affected by wildfires. The working group was reconvened in summer 2018 to address devastating fires in Shasta, Lake, and Mendocino counties.

Also, as part of its post-disaster work CSLB has developed rebuilding workshops targeted to licensed contractors interested in bidding for jobs. The workshops, co-hosted by local building departments, feature a building department update on the local rebuild, including any special rules established for plan approvals and inspections. Licensing requirements are also covered, as are bonds and insurance, how to obtain a workers' compensation policy, contract requirements, how to prevent complaints, and how the selection of building materials and choice of building methods can help prevent future disasters.

In addition, as previously noted in response to question #41, CSLB holds monthly licensing workshops in Sacramento and Norwalk to review the licensing process for interested and potential applicants.

61. Describe any assessment the board has conducted on the impact of licensing delays.

CSLB has not conducted any assessments on this topic.

62. Describe the board's efforts to work with schools to inform potential licensees of the licensing requirements and licensing process.

While there is no education requirement to obtain a California contractor license, CSLB does provide contractor schools notice, via letters, email, the *California Licensed Contractor* newsletter, industry bulletins, the *California Licensed Contractor Law & Reference Book*, and the CSLB website, about changes to licensing processes and relevant forms, fee increases, contractors' state license law, and other licensing requirements.

63. Describe any barriers to licensure and/or employment the board believes exist.

Addressing licensing applicants with multiple trade minor work experience – see possible “new issue” #1.

64. Provide any workforce development data collected by the board, such as:

a. Workforce shortages

CSLB does not collect information about workforce shortages.

b. Successful training programs.

CSLB does not monitor training programs.

DRAFT

Section 9 – Current Issues

65. What is the status of the board's implementation of the Uniform Standards for Substance Abusing Licensees?

Not applicable.

66. What is the status of the board's implementation of the Consumer Protection Enforcement Initiative (CPEI) regulations?

Not applicable.

67. Describe how the board is participating in development of BreEZe and any other secondary IT issues affecting the board.

a. Is the board utilizing BreEZe? What Release was the board included in? What is the status of the board's change requests?

CSLB does not utilize DCA's BreEZe or legacy systems and, consequently, does not have any BreEZe-related change requests. With its own Information Technology division, CSLB supports its licensing/enforcement systems and an automated exam system, and streamlines its automated business activities. CSLB was identified as part of Release 3 for BreEZe.

b. If the board is not utilizing BreEZe, what is the board's plan for future IT needs? What discussions has the board had with DCA about IT needs and options? What is the board's understanding of Release 3 boards? Is the board currently using a bridge or workaround system?

CSLB meets all statutory and regulatory mandates utilizing its current information technology systems and does not utilize a bridge or workaround system.

The board understands that the BreEZe project ended after Release 2 boards and bureaus migrated to the new system. Release 3 boards and bureaus, which included CSLB, are individually, and in collaboration with DCA, assessing their specific business needs to determine the best course of action. CSLB is included in DCA's annual notification and reporting to the Legislature (per Assembly Bill 98 and Senate Bill 547) relating to Release 3 entities. Additionally, these efforts will be conducted in accordance with the project approval lifecycle process as prescribed by the Department of Technology.

CSLB is working closely with DCA to discuss opportunities to share and consolidate technologies, assist with documentation of business processes, and examine innovative approaches toward the continued modernization of the board's IT systems.

Section 10 – Board Action and Response to Prior Sunset Issues

Include the following:

1. **Background information concerning the issue as it pertains to the board.**
2. **Short discussion of recommendations made by the Committees during prior sunset review.**
3. **What action the board took in response to the recommendation or findings made under prior sunset review.**
4. **Any recommendations the board has for dealing with the issue, if appropriate.**

Prior Issues:

ISSUE # 1: (LACK OF STAFFING.) Does the Board have what it needs to do its job?

Background:

While CSLB has sufficient resources to meet its existing workload, the Board believes that staffing and budget reduction numbers will truly become an issue as workload increases, limiting its capability to protect consumers.

Staff Recommendation:

CSLB should inform the Committees of the effects of possible staff constraints, including current staffing levels and how vacancies are impacting the program.

CSLB Response:

CSLB has 405 authorized positions and operates at a vacancy rate of less than 10 percent. Vacancies occur and positions are filled on an ongoing basis; however, no positions are held vacant for salary saving purposes. The Board believes that staffing will become an issue as workload continues to increase and have identified four areas where additional staffing resources would ensure that the Board has adequate staffing resources to fulfill its consumer protection mandate.

Today, the board is seeing significant growth in the number of consumer-filed complaints. For fiscal year 2017-18, complaint-handling statistics show that CSLB Enforcement division staff are operating at higher-than-optimum workloads; the target maximum number of complaints per Enforcement Representative (ER) is 35. As of July 2018, staff averaged 39 cases per Enforcement Representative. CSLB Enforcement management continues to work closely with both CSLB and DCA Human Resources to fill staff vacancies. CSLB's 2019-21 strategic plan includes an objective to establish a dedicated recruitment position who would be tasked with proactively recruiting eligible candidates to apply for vacancies. An analysis of consumer complaints received during the last four fiscal years shows an increase of 1,872 complaints in fiscal year 2017-18 compared to fiscal year 2016-17. This equates to approximately 156 more complaints per month, or a 10 percent increase.

The board also continues to struggle with redirection of resources for disaster response. In 2017, CSLB staffed almost two dozen local assistance centers (established by the Governor's Office of Emergency Services) and federal disaster relief centers in 19 different counties. Although the level of staffing required contributions from many CSLB units, most staff assigned to these centers came from within the Enforcement division. During the year, 52 different CSLB employees worked a total of

almost 3,600 hours at the relief centers – the equivalent of 90 work weeks. This total does not include the extensive post-disaster enforcement efforts conducted by CSLB during community rebuilding.

With thousands of staff hours redirected to the disaster areas, the impact on the Enforcement division has been substantial, and has led to a decrease in monthly case closures and the timely handling of complaints. Unfortunately, all indications are that 2017 was not an anomaly. It appears that the frequency and severity of wildfires in California will continue to outpace historical averages and will continue to adversely affect CSLB's routine operations.

In an ongoing effort to combat unlicensed contracting activity CSLB is partnering with CALBO (California Building Officials) on a pilot project with nine building departments (three in southern California, three in central California, three in northern California). The project will identify the scope of unlicensed practice, perform consumer and industry outreach to caution against the dangers of hiring an unlicensed practitioner or acting in the capacity of a contractor without a license, conduct license applicant workshops in each partnering jurisdiction, conduct sting operations with collaborating building departments, and target unlicensed practitioners identified by building officials who fail to comply with license and permit requirements and address building permit compliance. This effort will require redirecting existing staff resources.

Additionally, in fiscal year 2012-13, CSLB was required to eliminate 21.5 positions, pursuant to Budget Letter 12-03. Recognizing the significant impact on board operations, the Department of Consumer Affairs authorized the board to re-establish eliminated positions in the temporary help fund. CSLB has re-established all 21.5 positions, with 12 positions in Enforcement, 8.5 positions in Licensing and Testing, and one position in Administration. Re-authorizing the board's 999 positions would help ensure that CSLB continues to meet its consumer protection mandate. (Also see new issue #5 in section 11, New Issues.)

The Board will also continue to pursue staff augmentations through the budget change proposal process to address workload demands.

ISSUE # 2: (BreEZe.) CSLB staff states that it is working with the BreEZe project staff to prepare for the Phase 3 release. However, it is unclear how smooth the transition will be and how BreEZe will affect CSLB's current operations, namely its internal electronic database.

Background:

The BreEZe project provided DCA boards, bureaus, and committees with a new enterprise-wide enforcement and licensing system. BreEZe was intended to replace outdated legacy systems and multiple "work around" systems with an integrated solution based on updated technology.

Staff Recommendation:

The Board should provide the Committee an update on BreEZe, including whether the original cost projections for the project can be sustained by the Board with its current revenues.

CSLB Response:

As noted in response to question 67, the Board understands that the BreEZe project ended after Release 2 boards and bureaus migrated to the new system. Release 3 boards and bureaus, which includes CSLB, are individually, and in collaboration with DCA, assessing their specific business needs to determine the best course of action.

CSLB no longer shares in the costs of development or the on-going maintenance activities of BreEZe. The board's total contribution to the BreEZe project is estimated at \$4.25 million.

The board is working closely with DCA to discuss opportunities to share and consolidate technologies, assist with documentation of business processes, and examine innovative approaches toward the continued modernization of CSLB's information technology systems. CSLB plans to perform a detailed analysis of its current business processes and needs.

The board meets all statutory and regulatory mandates utilizing its current information technology systems, including reporting to the Legislature (per Assembly Bill 98 and Senate Bill 547).

ISSUE # 3: (PRO RATA.) CSLB has historically paid sums of money to DCA for administrative services but has many services in-house, leading to the question of whether or not the Board is paying DCA for duplicative services.

Background:

Through its various divisions, DCA provides centralized administrative services to all boards and bureaus in the department. Most of these services are funded through a pro rata calculation based on "position counts" and charged to each board and bureau.

Staff Recommendation:

CSLB should advise the Committees about the bases upon which pro rata is calculated, and how it is determined how the pro rata charged will be paid from its funds under the Board's jurisdiction. Does DCA duplicate services already provided and maintained by the Board? The Board should also discuss whether it could achieve cost savings by dealing with more of its own in-house services than paying pro rata to DCA.

CSLB Response:

The Department of Consumer Affairs (DCA) provides oversight and centralized administrative services to all boards and bureaus in the department and deals directly with all control agencies (Department of Finance, Department of General Services, State Controller's Office, California Department of Human Resources, etc.). If CSLB took on the tasks that DCA provides it would need to hire additional staff and develop other internal processes and functions.

Services are funded through a pro rata calculation based on position counts or services. DCA, in consultation with the boards and bureaus, annually determines pro rata costs. Any unspent monies are appropriated back to the board's fund at the close of the fiscal year.

DCA's 2018-19 distributed pro rata costs to CSLB are \$6.646 million, which equates to 10 percent of CSLB's budget. Pro rata costs comply with Business and Professions Code section 7136, which specifies that "the director shall designate a sum not to exceed 10 percent of the total income of the Contractors' State License Board for each fiscal year to be transferred to the Consumer Affairs Fund as the board's share of the cost of administration of the department."

In October 2017, DCA formed a pro rata workgroup that meets bi-monthly to collaborate with DCA on pro rata costs and related services.

ISSUE # 4: (INCONSISTENT BUDGET NUMBERS.) In comparison to the Governor's Proposed Budget for 2015-16, CSLB's numbers do not match the Governor's projected revenue and expenditures figures.

Background:

In the Governor's proposed Budget for fiscal year (FY) 2015-16, the total revenues anticipated by CSLB for FY 2014-15 is \$55,980,000, and for FY 2015-16, \$55,182,000. The total expenditures anticipated for CSLB for FY 2014-15 are \$63,192,000, and for FY 2015-16, \$62,880,000. Despite these numbers, CSLB's Fund Condition chart does not match these numbers. The table anticipates the FY 2014-15 revenue \$55,984,000, and for FY 2015-16 to be \$55,211,000. The total expenditures anticipated for FY 2014-15 \$61,953,000, and for FY 2015-16 to be \$62,522,000. The chart in question is displayed in the Fiscal, Fund and Fee Analysis section of the paper.

Staff Recommendation:

CSLB should inform the Committees why the figures between the Governor's Budget and CSLB's fund condition chart are not the same.

CSLB Response:

CSLB data for the Sunset Review Report is provided in early fall. During this time and prior to the release of the Governor's Budget in January, DCA makes budgetary adjustments to projected expenditures and revenue for the current and future budget years for all boards and bureaus. The updated projections can lead to inconsistencies in the budget numbers. Historically, CSLB stays within its budget authority each fiscal year.

ISSUE # 5: (HOME IMPROVEMENT CONTRACT LAW.) Despite the implementation of SB 30 in 2004, CSLB reports that the Home Improvement Contract Law remains unclear to both contractors and consumers.

Background:

It would be helpful for the Committees to hear the Board's thoughts on simplifying forms and notices related to home improvement contract law that will help both consumers and contractors better comply with the law.

Staff Recommendation:

The Board should report to the Committees on the implementation of SB 30 (2004) and provide recommendations that simplify language while at the same time ensuring vital consumer information is disclosed properly.

CSLB Response:

The home improvement business provisions of the contractors' state license law are in Division 3, Chapter 9, Article 10 of the Business and Professions Code. The "Requirements for Home Improvement Contracts" portion of BPC section 7159 constitute approximately 10 pages of the CSLB *California Contractor Law and Reference Book*.

While SB 30 led to the implementation of various changes to clarify the law, further clarification would be beneficial. A legislative proposal to rewrite these provisions remains a priority for CSLB. In its 2019-21 strategic plan the Board instructed staff, by July 2020, to take the necessary steps to clarify home improvement contract requirements to improve licensee compliance and consumer protection.

In 2006, CSLB created two publications – one for consumers and one for contractors – to explain home improvement contractor laws in an easier to understand format. *Contracting for Success: A Contractor's Guide to Home Improvement Contracts* and *Terms of Agreement: A Consumer Guide to Home Improvement Contracts* are distributed widely at public events to contractors and consumers, and are available on CSLB's website. (They are included as **attachment xxx**.) For contractor compliance, CSLB included in *Contracting for Success* a generic sample construction contract that identifies 14 key provisions of which both the contractor and consumer must be aware.

As noted in the response to question 45, violations of the home improvement contract provisions are among the most common reason CSLB issues citations. CSLB expects that the passage of recent CSLB-sponsored bills, SB 486 (2017) and SB 1042 (2018), will provide multiple opportunities for staff to educate licensees about the home improvement contract provisions during its disciplinary process. SB 486 (Monning) provides authority for CSLB to issue letters of admonishment to licensees in lieu of a citation, and SB 1042 (Monning) authorizes CSLB to host informal citation conferences to settle citations with payment plans and possible reduced charges in lieu of formal hearings. Each bill creates informal processes that will allow CSLB staff to directly inform and educate licensees about the less egregious violations of the law and the importance of following the home improvement contract requirements to further consumer protection

LICENSING ISSUES

ISSUE # 6: (PROOF OF LICENSURE.) CSLB has raised concerns that BPC §7031 facilitates “unjust enrichment” to public agencies, prime contractors, and/or commercial/industrial project owners.

Background:

CSLB previously raised concerns that BPC §7031 represented a distortion in the marketplace and hurt business. Additionally, the Board stated that neither individual consumers without the financial wherewithal to hire attorneys nor consumers who most often need CSLB's help utilize this provision of the law.

Staff Recommendation:

CSLB should discuss with the Committees the potential impact that the current approaches to BPC §7031 have upon licensees. The CSLB should also advise the Committees of past efforts to resolve these issues and suggest possible solutions to this issue.

CSLB Response:

CSLB believes this concern has largely been remedied by the passage in 2016 of AB 1793 (Holden). This bill modified the requirements of BPC §7031 to permit the court to determine at an evidentiary hearing if a contractor subject to the provisions of the section, because of a lawsuit or threatened civil action, substantially complied with licensure requirements and if he or she acted promptly and in good faith to remedy the failure to comply with licensure requirements upon learning of that failure. BPC §7031 continues to serve as a deterrent against unlicensed practice and enhances consumer protection.

ISSUE # 7: (FINGERPRINTING.) According to current law, any individual after January 1, 2005 must submit a fingerprint when applying for a license. Fingerprinting provides valuable information to the Board about past criminal convictions that may be substantially related to

the contractor's classification. However, without retroactive fingerprinting, this leaves a large proportion of the existing licensees unscreened.

Background:

Beginning January 1, 2005, all individuals listed as personnel of record on an original application, an application to add a classification to an existing license, an application to replace the qualifier, an application to report new officers, and an application for registration as a home improvement salesperson are required to submit fingerprints to the board. The fingerprints are submitted to the California Department of Justice (DOJ) where they are compared to the records of the DOJ and the Federal Bureau of Investigation (FBI) to determine if a criminal history exists.

Staff Recommendation:

CSLB should develop a plan and make recommendations to the Committees on an appropriate way to establish a fingerprint requirement for all existing licensees of the Board, so that the Board will receive criminal record information and subsequent arrest information from the DOJ and FBI.

CSLB Response:

As noted in the response to question 22c, CSLB requires fingerprinting for any new applicant and for any existing licensee who modifies his or her license, such as changing the qualifier or adding a classification. Because the number of active licenses issued prior to 2005, when the fingerprint requirement went into effect, continues to decline annually, the percentage of licensees who have not submitted fingerprints for a criminal background check has also correspondingly declined.

CSLB does not believe expanding the existing requirement to provide for retroactive fingerprinting of all active licensees would enhance consumer protection. Further, it would impose a significant workload for CSLB and require additional resources.

ISSUE # 8: (EVIDENCE OF FINANCIAL SOLVENCY.) Since the Board does not verify the \$2,500 requirement in capital required for licensure, it may not be accomplishing some of its goals. How will the Board require contractors to prove their financial solvency?

Background:

Prior to 2016, BPC §7067.5 required that all applicants and all licensees at renewal, demonstrate, as evidence of financial solvency that his or her operating capital exceeded \$2,500. This requirement was never verified and provided no consumer protection. With its elimination, the increase in the surety bond made-up for this deletion.

Staff Recommendation:

CSLB should inform the Board on how it will continue to financially protect consumers by deleting this capital elimination.

CSLB Response:

In 2016, SB 467 (Hill) eliminated the requirement that contractor applicants have \$2,500 in working capital as a condition to obtain a CSLB license. In addition, this bill increased the contractor bond amount from \$12,500 to \$15,000 (BPC §7071.6). This legislative change addressed and resolved the concerns posed by prior issues 8 and 9 of this report, as follows.

In lieu of the \$2,500 capital requirement, contractors demonstrate their financial solvency to CSLB by obtaining and maintaining a \$15,000 surety bond through an admitted surety insurer, which requires that the contractor demonstrate a credit presence and make regular premium payments. In the case of contractors using alternatives to bonds, their financial solvency is demonstrated by their ability to place the entire \$15,000 in cash in a bank account and maintain it through the life of the license period.

CSLB does not believe that the prior capital requirement provided any specific or significant consumer protection. While applicants were required to indicate on their application that they had these resources, there was no further requirement that contractors maintain that capital once they were licensed, or that it be available to resolve a financial dispute between a licensee and a consumer.

CSLB believes greater consumer protection is realized with the increase in the contractor's surety bond because a construction project can easily exceed \$15,000 in costs or potential financial injury to a consumer.

ISSUE # 9: (SURETY BOND.) Since a consumer can make a claim against a contractor's surety bond, CSLB highlights that a bond increase of \$2,500 would provide greater consumer protection than the existing \$2,500 capital requirement.

Background:

Prior to 2016, BPC §7071.6 required that an applicant or licensee have on file at all times proof of a \$12,500 contractor bond.

Staff Recommendation:

CSLB should report to the Board on the necessity of this increase and how this increase would affect the number of cases referred to the arbitration process.

CSLB Response:

As noted in the response to prior issue 8, in 2016, SB 467 (Hill) eliminated the requirement that contractor applicants prove they have \$2,500 in working capital as a condition to obtain a CSLB license. In addition, this bill increased the contractor bond amount from \$12,500 to \$15,000 (BPC §7071.6).

ENFORCEMENT ISSUES

ISSUE # 10: (USE OF PEACE OFFICERS IN ENFORCEMENT EFFORTS.) The Director is able to designate certain CSLB enforcement staff as peace officers as part of the Board's enforcement efforts and advises the Committees that these officers take part in multi-jurisdiction investigations. Are all of the cross agency investigations these CSLB peace officers take part in necessary and appropriate? Have CSLB peace officers gone too far in bringing outside agencies to CSLB efforts to enforce unlicensed activity?

Background:

According to CSLB, Peace Officers work with multiple jurisdictions to perform complex investigations and joint undercover operations, often targeting revoked licensees who continue to illegally contract as well as "participate and lead multi-jurisdictional criminal investigation task forces."

Staff Recommendation: *The Committees need to understand whether the Board was aware of and/or approved the actions of enforcement POs involved in cross agency stings involving ICE. The Board needs to advise the Committees whether ICE is still a partner organization for stings and whether Board POs ever alert ICE as to their sting efforts. The Board needs to provide any documentation in the form of memos, communication to staff and CSLB policies on how undercover operations are to be coordinated and conducted. The Committees need to evaluate whether CSLB should have the ability to designate peace officers as part of its enforcement efforts or whether consumers, the public and the Board would be better served by following the practice of almost every other DCA board that employs board-specific investigative staff who work with the DCA Division of Investigation when they are in need of, and when situations warrant, true peace officer involvement.*

CSLB Response:

In August 2013, CSLB management met with staff and issued a memo on August 20, 2013, prohibiting the use of ICE in all CSLB enforcement operations. Additional memos were sent to staff on June 19, 2015, and August 7, 2015, reconfirming that CSLB staff shall not invite ICE to participate in any sting, sweep, or other investigation. The August 7, 2015, memo provided direction to staff on the protocol to report any unexpected interaction with ICE at an enforcement operation. On May 10, 2017, the Department of Consumer Affairs issued a memo on federal law enforcement participation in DCA field operations, which was distributed to all CSLB staff.

Since issuing the initial memo to staff in 2013, CSLB has not called or invited ICE to an enforcement operation. However, the Board is aware of one instance, in April 2017, when the partnering Sheriff's office contacted ICE because of their access to sophisticated facial recognition software, to help identify a suspect at a sting operation who did not have any identification. After assisting with the identification, the ICE agents left and CSLB had no further contact. Per the aforementioned May 10, 2017, DCA memo, CSLB management informed DCA's Deputy Director of Enforcement, who confirmed that CSLB acted appropriately and in compliance with the department's policy.

CSLB Peace Officers are not permitted to carry a firearm and do not provide back-up at sting operations. Law enforcement back-up is provided by DCA's Division of Investigation, the CHP, or local law enforcement. To conduct sting operations addressing unlicensed practice, CSLB uses non-sworn Enforcement Representatives authorized by BPC §7011.4 to issue a written notice to appear in court.

ISSUE # 11: (LICENSEE IDENTIFICATION.) CSLB may share a licensee's social security number with the Franchise Tax Board to see whether there are any outstanding tax liabilities. However, the Board is not allowed to share it with any other state agencies, agencies like EDD that may be of use in its enforcement efforts.

Background:

It would be helpful for the Board to inform the Committees as to how the restriction on sharing Social Security numbers with other state agencies undermines consumer protection, cuts state revenue, and undercuts CSLB's ability to go after dishonest contractors.

Staff Recommendation:

CSLB should advise the Committees of what improvements it believes are necessary to allow the Board to achieve its goals.

CSLB Response:

SB 650 (Monning, Statutes 2015) allows CSLB to share information about licensees with partnering state agencies, including the Franchise Tax Board and the Employment Development Department. The ability to share information allows CSLB to assist in identifying non-tax compliant contractors for the purpose of performing audits and collecting outstanding tax liabilities. Further, CSLB has the authority to suspend a license for outstanding tax liabilities.

In calendar year 2017, CSLB and the Franchise Tax Board collaborated to identify 36 licensees who failed to accurately report state payroll taxes and owed more than \$12 million, and to collect more than \$7 million for the State of California. Also, in calendar year 2017, CSLB and the Employment Development Department identified 286 licensees with more than \$32 million in outstanding liabilities, which led to the collection of \$14 million. CSLB believes that the current system of information sharing allows the board to achieve its goals and has no recommendations for improvement.

ISSUE # 12: (EMPLOYEE MISCLASSIFICATION.) Dishonest contractors misclassify employees as a means of evading taxes, which in turn cuts millions in state revenue and deprives workers of benefits. How does the Board plan on cracking down on these bad actors?

Background:

Since the last Sunset Review of CSLB by the Committees, dishonest contractors are using innovative ways more than ever to evade taxes, including purposefully misclassifying employees.

Staff Recommendation:

CSLB should report to the Committees on how it intends to focus its efforts and enforcement activities to combat the practice of misclassification.

CSLB Response:

CSLB does not have primary responsibility for regulating the misclassification of employees as does the Department of Labor Standards Enforcement (DLSE). However, CSLB has developed partnerships with various state agencies that oversee labor laws through its participation in the Joint Enforcement Strike Force (JESF) and the Labor Enforcement Task Force (LETf) to assist DLSE in its work to address employee misclassification in the construction industry.

Historically, CSLB has received referrals from DLSE and organizations focused on unfair labor practices in the construction industry when the prime contractor was held jointly and severally liable for a civil wage and penalty assessment (CWPA) issued against a subcontractor and who has been subsequently forced to pay wage liabilities committed by the subcontractor on a public works project.

Additionally, AB 1701 (Thurmond, Statutes 2017) extends these obligations of the prime contractor to private commercial projects. With this new legislation, CSLB anticipates conducting an increased number of investigations in response to complaints filed by prime contractors, the Department of Industrial Relations, and financially injured employees.

ISSUE # 13: (ENFORCEMENT PRIORITIES.) Historically, the Board has focused much of its enforcement on unlicensed activities as compared to licensed activities. How does the Board balance its enforcement efforts between Licensed Contractors and Unlicensed Contractors and ensure both groups are complying with the law?

Background:

Taking enforcement actions against licensed contractors who violate the law and against unlicensed contractors who disregard the licensing law requires a balancing of priorities and resources. It would be helpful for the Committees for CSLB to discuss its enforcement priorities, how it balances enforcement actions against licensed and unlicensed contractors, and what *preemptive* measures are being taken to prevent common violations.

Staff Recommendation:

CSLB should discuss with the Committees its priorities in enforcement, and how in protecting the public, it balances enforcement action against licensed contractors and unlicensed contractors. CSLB should also explain why it seems proactive on unlicensed contractors and reactive towards existing licensees.

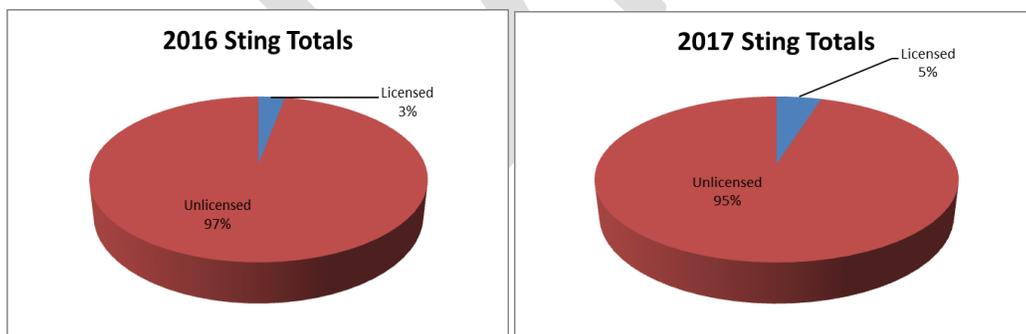
CSLB Response:

CSLB’s primary enforcement activities center on consumer-initiated, or reactive, complaints to help consumers and contractors resolve their construction-related disputes and to take disciplinary action, when appropriate. The majority of enforcement staff across the state (approximately 120) focus on reactive consumer filed complaints—approximately 70 percent of which are against licensed contractors and 30 percent against unlicensed contractors.

In addition to reactive complaint investigation, CSLB has 28 enforcement representatives assigned to a statewide investigative fraud team (SWIFT). SWIFT ERs are dedicated to performing proactive investigation of licensed and unlicensed contractors by conducting sting operations and investigating active construction sites.

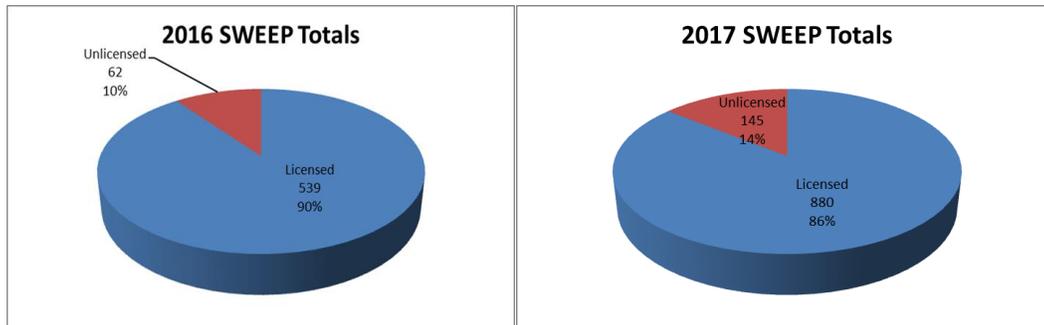
Stings

SWIFT continues to primarily target unlicensed contractors at sting operations, resulting in more than 500 unlicensed criminal referrals per year:



SWEEPS

Sweeps of active job sites has evolved in the past two years to increase investigation not only of unlicensed contractors, but to confirm licensed contractor compliance with contractors' state license and workers' compensation laws.



ISSUE # 14: (CONCERNS ABOUT UNDERGROUND INFRASTRUCTURE.) Despite the implementation of one-call centers, most contractors do not call these centers prior to excavating. How does CSLB plan on requiring contractors to call these centers beforehand?

Background:

Unsafe excavation near underground electric lines can injure workers, cut telecommunications fiber, knock out 911 services, and rupture water lines, which can affect water quality and lead to sinkholes. Even when not injurious, damage to underground facilities, which are often located under streets, can be expensive and cause service outages.

Staff Recommendation:

The Board should report to the Committees on how it plans to educate existing and future licensees on underground infrastructure. How does CSLB plan on enforcing this and requiring contractors to call one-call centers?

CSLB Response:

In 2016, Senate Bill 661 enacted the "Dig Safe Act of 2016," which revised the existing dig alert and excavation requirements of Government Code 4216. As required by this new regulation, CSLB is working closely with the newly formed California Underground Facilities Safe Excavation Board ("Dig Safe Board") within the office of the State Fire Marshal. The Dig Safe Board will investigate alleged violations relating to the protection of underground infrastructure and will transmit their findings to CSLB for possible action against contractors who violate these specific laws. CSLB expects to begin receiving these cases in January 2019, as the Dig Safe Board is still in the process of hiring staff.

CSLB completed a successful budget change proposal and has hired an Enforcement Representative II and an Office Technician to handle the additional workload associated with these new cases.

Additionally, CSLB includes underground infrastructure in the testing process for applicable classifications. Links to <http://www.california811.org/> are also provided on various pages on the CSLB website and articles have been included in the *California Licensed Contractor* newsletter about the changes in law, as well as changes within the one-call centers (811). In addition, the Dig Safe Board will focus heavily on education and prevention.

ISSUE # 15: (ARBITRATION). The practice in CSLB’s arbitration program is, and always has been, to not award attorney fees. However, CSLB has learned that, increasingly, when a contractor prevails in arbitration and receives a monetary award, the contractor will use that award as a basis to pursue a civil action to recover attorney fees associated with his/her arbitration defense. This negatively affects the arbitration program, as CSLB staff now must warn consumers that if they do not prevail in arbitration, they could lose a significant amount of money in attorney fees if the contractor takes them to court. What are some recommendations that the Board believes would best mitigate this issue?

Background:

CSLB was made aware of difficulties in the program related to attorney’s fees, which require statutory modification to remedy. The practice in CSLB’s arbitration program is, and always has been, to not award attorney fees. However, CSLB has learned that, increasingly, when a contractor prevails in arbitration and receives a monetary award, he or she will use that award as a basis to pursue a civil action to recover attorney fees associated with the arbitration defense.

Staff Recommendation:

CSLB should discuss with the Committees the potential impact that the current approaches to BPC §§7085-7085.9 has upon consumers. The CSLB should also advise the Committees of past efforts to resolve these issues and suggest possible solutions to this issue.

CSLB Response:

CSLB no longer believes this is an issue because new language on the arbitration submission forms notifies both the consumer and the contractor that they cannot collect attorney fees as part of the CSLB arbitration program. Both parties must initial this section, which states:

I understand that attorney fees will not be awarded in this CSLB arbitration. Further, pursuant to Business and Professions Code §7085.3 and the intent of CSLB’s arbitration program, each party shall bear their own attorney fees, which may not be recovered in civil proceedings.

CONTINUED REGULATION OF THE PROFESSION BY THE CURRENT MEMBERS OF CSLB

ISSUE # 16: (CONTINUED REGULATION BY CSLB.) Should the licensing and regulation of contractors be continued and be regulated by the current Board membership?

Staff Recommendation:

Recommend that contractors continue to be regulated by the current CSLB members in order to protect the interests of the public and be reviewed once again in four years.

CSLB Response:

A well-regulated construction industry protects the health, safety, and welfare of consumers. CSLB believes that the current board structure should be continued to protect the public and effectively administer the licensing, regulation, and enforcement of the construction industry.

Section 11 – New Issues

This is the opportunity for the board to inform the Committees of solutions to issues identified by the board and by the Committees. Provide a short discussion of each of the outstanding issues, and the board's recommendation for action that could be taken by the board, by DCA or by the Legislature to resolve these issues (i.e., policy direction, budget changes, legislative changes) for each of the following:

1. Issues that were raised under prior Sunset Review that have not been addressed.
2. New issues that are identified by the board in this report.
3. New issues not previously discussed in this report.
4. New issues raised by the Committees.

New Issue 1: Addressing Licensing Applicants with Multiple Trade, Minor Work Experience

For discussion at September 20, 2018 Board meeting (agenda item G4).

New Issue 2: Legislatively Mandating Workers' Compensation for Specified License Classifications

As noted in the Enforcement section of the report, to maintain an active California contractor license, licensees with employees are required to have on file with CSLB either a Certificate of Workers' Compensation Insurance or a Certificate of Self-Insurance (issued by the Department of Industrial Relations). Licensees who attest to having no employees must complete and submit a Certificate of Exemption from the workers' compensation requirements, which remains on file with CSLB.

Fifty-five percent of all licensees currently maintain an exemption from WC on file with CSLB. Contractors who file a false workers' compensation exemption are subject to disciplinary action and cancellation of the false exemption, which subjects the license to suspension. False exemptions are cancelled when a Stop Order is issued in the field by Statewide Investigative Fraud Team (SWIFT) staff and by Intake and Mediation staff who obtain an admission from the licensee that they have employees.

To more accurately assess the issue of WC avoidance through the filing of false exemptions, the Enforcement division conducted a Workers' Compensation Pilot Program in 2017. CSLB contacted a sample of contractors in four targeted classifications that perform outdoor construction likely to require multiple workers: C-8 (Concrete), C-12 (Earthwork/Paving), C-27 (Landscaping), and D-49 (Tree Trimming). The survey determined that a minimum of 59 percent of the contractors investigated had false workers' compensation exemptions on file with CSLB. There is, therefore, a concern that many of the exemptions on file with CSLB are false.

In late 2017, the CSLB Enforcement Committee created a two-person Advisory Sub-Committee comprised of two Board members to develop strategies to address workers' compensation insurance avoidance. CSLB staff are working closely with multiple state agencies to enhance WC enforcement, including the Employment Development Department, California Occupational Safety and Health, Division of Labor Standards Enforcement, California Department of Insurance, and State Compensation Insurance Fund.

At its June 2018 meeting, the Board discussed mandating workers' compensation insurance for specific license classifications likely to employ workers (as is now in place for the C-39 Roofing classification) and precluding licensees from filing a new workers' compensation exemption with CSLB for one year if they are found to have employed workers without a workers' compensation policy. At its August 2018 meeting, the Legislative Committee voted to make pursuing the necessary legislation to achieve these goals a 2019-21 strategic plan objective.

This proposed strategic plan objective to consider legislation mandating workers compensation insurance for specified license classifications will be presented to the full board in September 2018.

New Issue 3: Sponsoring Legislation to amend BPC 7109.5 to provide CSLB authority to discipline licenses that fail to comply with DOSH regulatory tree worker safety training requirements.

Since August 2017, CSLB staff has met several times with members of the tree care industry regarding the proper CSLB license classifications to perform tree care. Members of the industry expressed concern about accidents and fatalities in this industry.

Two CSLB license classifications can legally perform stand-alone tree work: C-27 (Landscaping) and C-61/D-49 (Tree Service). Additional classifications may perform tree work as part of a larger contract, e.g. "B"—General Building.

As its licensees are primary employers in the tree-service industry, CSLB is committed to addressing these concerns in the industry as a matter of public protection. At its April 2018 meeting, the Board directed staff to meet with representatives from Cal/OSHA and hold informational meetings with various stakeholders to identify solutions to this problem.

Cal/OSHA has confirmed that tree work safety regulations exist that require specific training and equipment for tree workers. However, BPC §7109.5 requires that CSLB must establish that any safety violation resulted in the death of or serious injury to an employee before it can discipline a licensee for failing to provide the required safety training and equipment.

At its August 2018 meeting, the Licensing Committee discussed safety concerns, training, and CAL/OSHA's commitment to jointly addressing these safety concerns by partnering with CSLB to develop a legislative proposal that will authorize CSLB to take disciplinary action against a contractor who cannot demonstrate that he or she provided the proper training or safety equipment to their employees.

At its September 20, 2018 meeting, the full Board will be asked to consider the nature of this legislative proposal.

New Issue 4: Pending License Suspension Periods for LLC Liability Policy and Secretary of State Compliance Reporting

BPC section 7071.19: Requires that a limited liability company (LLC) licensed as a contractor must maintain a general liability insurance policy at all times as a condition of licensure. Current law provides that CSLB must suspend the license if a current policy is not on file. CSLB has discovered that additional time is required for insurance companies to provide renewed certificates to CSLB and for CSLB to process the documents. CSLB proposes modifying BPC section 7071.19 to provide 45 days for CSLB to accept the certificate required by this section. The licensee would still be required to

timely submit the certificate without a break in general liability insurance coverage, or the suspension would still apply; the change would merely provide time for CSLB to receive and process the document.

BPC section 7076.2: This section provides that a corporate licensee who fails to be registered and in good standing with the Secretary of State (SOS) shall be automatically suspended 30 days from the date of the registrar's notice. It can reasonably take more than 30 days for a licensee to reconcile records with the Secretary of State, especially if the SOS standing was affected by a merger or standing issues with another agency, such as the Franchise Tax Board. This requires additional maintenance of the license record when applications are submitted for renewal and impairs the reasonable business of otherwise compliant licensees. CSLB proposes extending the 30-day period to 60 days.

New Issue 5: Staffing

As noted in CSLB's response to issue 1 in Section 10, Board Action and Response to Prior Sunset Issues, CSLB has 405 authorized positions and operates at a vacancy rate of less than 10 percent. Vacancies occur and positions are filled on an ongoing basis; however, no positions are held vacant for salary saving purposes. The Board believes that staffing will become an issue as workload continues to increase and have identified four areas where additional staffing resources would ensure that the board has adequate staffing resources to fulfill its consumer protection mandate.

Today, the board sees significant growth in the number of consumer-filed complaints. For fiscal year 2017-18, complaint-handling statistics show that CSLB Enforcement division staff are operating at higher-than-optimum workloads; the target maximum number of complaints per Enforcement Representative (ER) is 35. As of July 2018, staff averaged 39 cases per Enforcement Representative. CSLB Enforcement management continues to work closely with both CSLB and DCA Human Resources to fill staff vacancies. CSLB's 2019-21 strategic plan includes an objective to establish a dedicated recruitment position who would be tasked with proactively recruiting eligible candidates to apply for open vacancies. An analysis of consumer complaints received during the last four fiscal years shows an increase of 1,872 complaints in fiscal year 2017-18 compared to fiscal year 2016-17. This equates to approximately 156 more complaints per month, or a 10 percent increase.

The board also continues to struggle with redirection of resources for disaster response. In 2017 CSLB staffed almost two dozen local assistance centers (established by the Governor's Office of Emergency Services) and federal disaster relief centers in 19 different counties. Although the level of staffing required contributions from many CSLB units, most staff assigned to these centers came from within the Enforcement division. During the year, 52 different CSLB employees worked a total of almost 3,600 hours at the relief centers – the equivalent of 90 work weeks. This total does not include the extensive post-disaster enforcement efforts conducted by CSLB during community rebuilding.

With thousands of staff hours redirected to the disaster areas, the impact on the Enforcement division has been substantial, and has led to a decrease in monthly case closures and the timely handling of complaints. Unfortunately, all indications are that 2017 was not an anomaly. It appears that the frequency and severity of wildfires in California will continue to outpace historical averages and will continue to adversely affect CSLB's routine operations.

In an ongoing effort to combat unlicensed contracting activity, CSLB is partnering with CALBO (California Building Officials) on a pilot project with nine building departments (three in southern California, three in central California, three in northern California). The project will identify the scope of unlicensed practice, perform consumer and industry outreach to caution against the dangers of hiring an unlicensed practitioner or acting in the capacity of a contractor without a license, conduct license applicant workshops in each partnering jurisdiction, conduct sting operations with collaborating building departments, and target unlicensed practitioners identified by building officials who fail to comply with license and permit requirements and address building permit compliance. This effort will require redirecting existing staff resources.

Additionally, in fiscal year 2012-13, CSLB was required to eliminate 21.5 positions, pursuant to Budget Letter 12-03. Recognizing the significant impact on board operations, the Department of Consumer Affairs authorized the board to re-establish eliminated positions in the temporary help fund. CSLB has re-established all 21.5 positions, with 12 positions in Enforcement, 8.5 positions in Licensing and Testing, and one position in Administration. Re-authorizing the board's 999 positions would help ensure that CSLB continues to meet its consumer protection mandate.

The Board will also continue to pursue staff augmentations through the budget change proposal process to address workload demands.

New Issue 6: License Suspension for Unsatisfied Judgments

CSLB has authority to suspend a license if it learns of an unsatisfied construction-related judgment imposed on the licensee, pursuant to Business and Professions Code section 7071.17. When the license is suspended for this reason, any qualifying individual or member of personnel on the license record are automatically prohibited from serving in those capacities on another license until the judgment is satisfied. This prohibition also causes suspension of the license of any other license entity with any of these same members of personnel as the license subject to the judgment (until those members disassociate from the license or the judgment is satisfied). Therefore, when a judgment is imposed on a license, the suspension extends to the individuals via their association with the judgment debtor license and other licenses.

However, the reverse is not true: if a judgment is entered against an individual without naming the licensee, the statutory language does not authorize CSLB to suspend the license on which the individual appears. As a result, an individual named on a construction-related judgment can remain on a license.

New Issue 7: C-10 (Electrician) and C-7 (Low Voltage Systems) Contractor Fee

With respect to the discretionary fee CSLB may charge an electrical contractor in BPC section 7137, the statute provides that CSLB "may charge a fee not to exceed twenty dollars (\$20)" for the enforcement of the electrician certification requirement. However, CSLB does not currently charge this fee. There are over 30,500 active electrical contractors who, if they use employees in the manner described in Labor Code Section 108.2, must ensure the employees are certified. CSLB does not have funds allotted to ensure compliance with this requirement, as only one staff person is delegated to enforce a contractor's failure to use certified electricians. As a result, CSLB cannot effectively enforce this requirement. Rather than set this fee by regulation, which can take a number of years, CSLB proposes to make the change in statute and begin enforcing it immediately.

The proposed change to BPC section 7137 would replace the word “may charge a fee” with “shall charge a \$20 fee” so that CSLB has the resources necessary to enforce the electrician certification requirement.

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Section 12 – Attachments

Please provide the following attachments:

- A. Board's administrative manual.
- B. Current organizational chart showing relationship of committees to the board and membership of each committee (cf., Section 1, Question 1).
- C. Major studies, if any (cf., Section 1, Question 4).
- D. Year-end organization charts for last four fiscal years. Each chart should include number of staff by classifications assigned to each major program area (licensing, enforcement, administration, etc.) (cf., Section 3, Question 15).

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