

AUGUST 3, 2022
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Enforcement
Committee Meeting

CALIFORNIA REPUBLIC





CONTRACTORS STATE LICENSE BOARD

9821 Business Park Drive, Sacramento, CA 95827
Mailing Address: P.O. Box 26000, Sacramento, CA 95826
800.321.CSLB (2752) | www.cslb.ca.gov | CheckTheLicenseFirst.com

STATE OF CALIFORNIA
Governor Gavin Newsom

NOTICE OF ENFORCEMENT COMMITTEE TELECONFERENCE MEETING

August 3, 2022, 9:00 a.m.– 10:00 a.m. (or until the conclusion of business)

Pursuant to the statutory provisions of Government Code section 11133, neither a public location nor teleconference locations are provided.

Teleconference Information to Register/Join Meeting for Members of the Public via WebEx:

WebEx link:

<https://cslb.webex.com/cslb/onstage/q.php?MTID=e5ac4d8aeb0b7ffef4507528dfa586a21>

Event number: 2556 498 0278

Event password: YbhYEuFs452 (391781 from phones)

Join by phone

844-621-3956 United States Toll Free

415-655-0001 US Toll

Access code: 2556 498 0278

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

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

Members of the public can address the committee during the public comment session. Public comments will also be taken on agenda items at the time the item is heard and prior to the committee taking any action on said items. Total time allocated for public comment may be limited at the discretion of the committee chair.

ENFORCEMENT COMMITTEE MEETING AGENDA (9:00 a.m. – 10:00 a.m.)

Enforcement Committee Members: Michael Mark, Chair / Rodney Cobos / Susan Granzella / Alan Guy / Jacob Lopez

- A. Call to Order, Roll Call, Establishment of Quorum and Chair’s Introduction
- B. Public Comment Session for Items Not on the Agenda and Future Agenda Item Requests (*Note: Individuals may appear before the committee to discuss items*)

not on the agenda; however, CSLB's committee can neither discuss nor take official action on these items at the time of the same meeting (Government Code sections 11125, 11125.7(a)).

C. Enforcement Program Update

- a. Staff Vacancy Update
- b. General Complaint-Handling Statistics

D. Update, Review, Discussion, and Possible Action on 2022-24 Enforcement Strategic Plan Objectives

- a. Strategic Plan Item 2.1: Leverage current enforcement tools to increase licensee and business knowledge by requiring contractors subject to CSLB corrective action to take specified courses
- b. Strategic Plan Item 2.2: Research the scope of unlicensed practice, evaluate allocated enforcement resources, and meet with industry stakeholders to review enforcement strategies.
- c. Strategic Plan Item 2.3: Coordinate educational workshops with agency partners to assist applicants and licensees in complying with Contractors State License Law (CSLL) and other business requirements.
- d. Strategic Plan Item 2.5: Research the need to establish a public works enforcement unit to perform outreach to awarding agencies and coordinate public works investigations with compliance groups and government entities to enforce CSLL requirements
- e. Strategic Plan Item 2.6: Continue to enforce workers' compensation insurance requirements to protect consumers and workers and scrutinize licensees who self-certify they have not employees.

E. Adjournment

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

Note that viewers of the webcast can only view the meeting, not participate. If you wish to participate, you must join the teleconference itself via the WebEx link above. If participating via teleconference, on day of meeting please register/join WebEx at least

15-30 minutes early to ensure that you have adequate time to install any required plugins or apps.

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

Instructions for Public Participation in CSLB Teleconference Meeting

The instructions below are for members of the public who want to participate in CSLB's upcoming teleconference meeting, being held via Cisco WebEx. The registration link is on the meeting agenda. There are two ways for you to participate:

1. With Computer, Tablet, or Smart Phone with WebEx
2. With Telephone, not over WebEx

Instructions for each are outlined below.

Please note: In order to participate with a computer, tablet, or smart phone you may need to install a software program. If registering before the meeting, please load this on your computer, tablet, or smart phone at that time. If not, please join at least 15-30 minutes before the meeting starts to give you time to do this.


You also will find specifics on how to offer public comment below.

To Watch Meeting & Participate with Computer, Tablet, or Smart Phone with WebEx

This option will provide you live "real time" audio and video of the meeting.

If you are registering in advance of the meeting:

1. Click on the link provided on the meeting agenda. That will take you to the "Event Information Page."
2. Click on either of the "Register" links on that page, highlighted below with red boxes.

Event Information: CSLB Quarterly Board Meeting 


Registration is required to join this event. If you have not registered, please do so now. [English : San Francisco Time](#)

Event status: Not started [Register](#)

Date and time: Wednesday, September 9, 2020 9:00 am
Pacific Daylight Time (San Francisco, GMT-07:00)
[Change time zone](#)

Duration: 3 hours

Description: This is a quarterly meeting of the California Contractors State License Board (CSLB).
https://cslb.ca.gov/Media_Room/Board_and_Committee_meetings/

 **DEPARTMENT OF CONSUMER AFFAIRS
CONTRACTORS
STATE LICENSE BOARD**

By joining this event, you are accepting the Cisco Webex [Terms of Service](#) and [Privacy Statement](#).

[Join Event Now](#)

You cannot join the event now because it has not started.

First name:

Last name:

Email address:

Event password:

[Join Event](#)

[Join by browser](#) **NEW!**

[Register](#)

On registration page, enter a first and last name, as well as an email address, and “submit” (highlighted by red box below).

Please note that the name and email address **do not** have to be your real identity. But, the meeting host will use the name you enter to let you know when it is your turn to speak during the meeting. So, if you use a different name to identify yourself, be sure to remember that name when you are called upon to speak.

The screenshot shows a registration form titled "Register for CSLB Quarterly Board Meeting". It includes a language selector for "English - San Francisco Time" and a note that an asterisk (*) indicates required information. The form asks for the following details: First name, Last name, Email address, Confirm email address, Company, Title, City, State/province, and Country/region (set to "United States of America"). A "Submit" button is highlighted with a red box, and a "Cancel" button is also present. The footer contains the copyright notice "© 2020 Cisco and/or its affiliates. All rights reserved." and links to "Privacy Statement" and "Terms of Service".

3. A “Registration Confirmation” will be sent to the email address you provided. That confirmation also will link to set up WebEx software on your computer. If you’ve previously used WebEx on your computer, you should not have to reload the software.

The screenshot shows a confirmation page titled "Registration Confirmed". It thanks the user for registering and states they are now registered for the "CSLB Quarterly Board Meeting". It provides the event start time: "The event will start at 9:00 am San Francisco Time on September 9, 2020." A "Done" button is visible. There is an "Invite a Friend" section with a text input field and a "Send" button. A "Set Up Webex Events" section is highlighted with a red box, containing instructions: "To participate in fully interactive events, please click [here](#) for setting up Webex Events on this computer." and "To view system requirements, go to www.webex.com". The footer includes the copyright notice "© 2020 Cisco and/or its affiliates. All rights reserved." and links to "Privacy Statement" and "Terms of Service".

4. If you have a calendar application on your computer, you also should receive a calendar invitation.

Your registration was approved for the following Webex event.

Host: CSLB Webex (cslbwebex@cslb.ca.gov)
Event number (access code): 126 156 4496
Registration ID: This event does not require a registration ID
Event password: 6JwFZpkQZ74

Wednesday, September 9, 2020 9:00 am, Pacific Daylight Time (San Francisco, GMT-07:00)


[Join event](#)

Join the audio conference only
To receive a call back, provide your phone number when you join the event, or call the number below and enter the access code.
+1-415-655-0001 US Toll
1-844-621-3956 United States Toll Free
[Global call-in numbers](#) | [Toll-free dialing restrictions](#)

That invitation will also include a link for you to join the meeting directly.

If you want to join within 30 minutes of the meeting's start time or while the meeting is in progress:

1. Click on the link provided on the meeting agenda. That will take you to the event information page.

Event Information: CSLB Quarterly Board Meeting 


Registration is required to join this event. If you have not registered, please do so now. [Enlist - San Francisco Time](#)

Event status: Not started ([Register](#))

Date and time: Wednesday, September 9, 2020 9:00 am
Pacific Daylight Time (San Francisco, GMT-07:00)
[Change time zone](#)

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Description: This is a quarterly meeting of the California Contractors State License Board (CSLB).
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 **DEPARTMENT OF CONSUMER AFFAIRS
CONTRACTORS
STATE LICENSE BOARD**

By joining this event, you are accepting the Cisco Webex [Terms of Service](#) and [Privacy Statement](#).

[Join Event Now](#)

You cannot join the event now because it has not started.

First name:
Last name:
Email address:
Event password:

[Join by browser](#) **NEW!**

[Register](#)

2. Enter a name and email address in “Join Event Now” section, highlighted above by red box.

Please note that the name and email address **do not** have to be your real identity. But, the meeting host will use the name you enter to let you know when it is your turn to speak during the meeting. So, if you use a different name to identify yourself, be sure to remember that name when you are called upon to speak.

3. Click “Join Now” (also highlighted above with red box) if you have WebEx applet installed or “Join by Browser” if you do not want to load the applet.
4. When joining the meeting, you will choose how you want to get audio. Your choices are: Through your computer; have WebEx call your phone; or you call WebEx. The phone numbers and meeting access code are provided on the meeting agenda.

To Join with Telephone (Not over WebEx)

Call one of the two phone numbers provided on the meeting agenda. Enter the meeting access code when prompted.

To Offer Public Comment During the Meeting

There will be a public comment section during the meeting. The public also will have the opportunity to offer comment during each agenda item.

For those listening to phone and not on WebEx

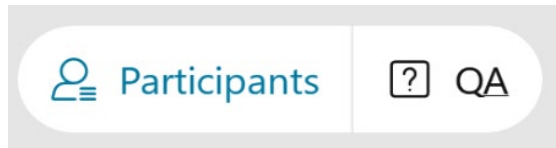
If you want to offer public comment, press *3 on your phone to raise your hand. You'll hear the prompt, "You have raised your hand to ask a question. Please wait to speak until the meeting host calls on you." If you no longer want to comment, or after the host calls upon you, press *3 again to lower your hand. You will hear a message, "You have lowered your hand."

When the host calls on you to offer your comment, your line will be unmuted, and you will be able comment. At the end of your comment, or when your allotted time ends, the line will again be muted. During the meeting, the chair will announce the time to be allotted for each public comment.

For those on WebEx with Computer, Tablet, or Smart Phone

Throughout the meeting, any members of the public may indicate they would like to offer comment on a specific agenda item.

Be sure to activate your Q&A feature at the bottom right of your screen.



If you would like to offer public comment on a specific agenda item, send the host a message at any time during that item stating:

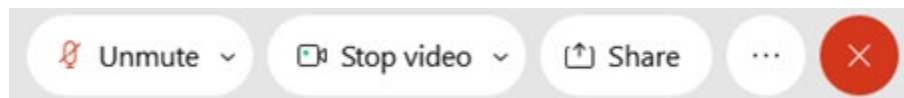
“I would like to make a comment on this item.”

The host will call on the public in the order requests are received. When it is your turn, the host will announce your name, or the name you indicated when you registered, and will unmute your line, allowing you to make your public comment.

At the end of your comment, or when your allotted time ends, the line will again be muted. During the meeting, the chair will announce the time allotted for each public comment. The host will note this in the chat as well.

Leaving the Meeting

At either the conclusion of the meeting, or anytime you wish to leave, you can do so by clicking on the red circle with X in it at the bottom of your screen. After confirming, you will be disconnected from the meeting.



For those calling in on telephone without WebEx, simply hang up.

ADDITIONAL ASSISTANCE

- **WebEx Troubleshooting Info**
<https://help.webex.com/en-us/WBX9000018881/Troubleshooting-Meetings>
- **WebEx Guide for Setting Up Your Audio**
<https://help.webex.com/en-us/nt2ig0y/Choose-Your-Audio-and-Video-Settings-Before-You-Join-a-Webex-Meeting-or-Event-Slow-Channel>

Thank you for your interest in participating in a CSLB teleconference meeting.



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**Contractors State License Board
Enforcement Committee Meeting
Wednesday, August 3, 2022
9:00 a.m. – 10:00 a.m. (or the conclusion of business)**

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Enforcement Committee Members: Michael Mark, Chair / Rodney Cobos / Susan Granzella / Alan Guy / Jacob Lopez

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 - b. Strategic Plan Item 2.2: Research the scope of unlicensed practice, evaluate allocated enforcement resources, and meet with industry stakeholders to review enforcement strategies.
 - c. Strategic Plan Item 2.3: Coordinate educational workshops with agency partners to assist applicants and licensees in complying with Contractors State License Law (CSLL) and other business requirements.
 - d. Strategic Plan Item 2.5: Research the need to establish a public works enforcement unit to perform outreach to awarding agencies and coordinate public works investigations with compliance groups and government entities to enforce CSLL requirements



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e. Strategic Plan Item 2.6: Continue to enforce workers' compensation insurance requirements to protect consumers and workers and scrutinize licensees who self-certify they have not employees.

E. Adjournment 19

AGENDA ITEM A

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

ENFORCEMENT COMMITTEE MEMBERS

MICHAEL MARK, CHAIR

RODNEY COBOS

SUSAN GRANZELLA

ALAN GUY

JACOB LOPEZ

Committee Chair Michael Mark will review the scheduled Committee actions and make appropriate announcements.



AGENDA ITEM B

Public Comment Session - Items Not on the Agenda

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

BOARD AND COMMITTEE MEETING PROCEDURES

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

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



AGENDA ITEM C

Enforcement Program Update

- a. Staff Vacancy Update
- b. General Complaint-Handling Statistics





CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE & STATISTICAL REVIEW

STAFF VACANCY UPDATE

There are currently 37 vacancies In Enforcement Division. The division’s management team is working hard to fill these vacancies, and candidates have been selected and are pending approval for 11 positions. The other 26 positions are publicly posted or are under review prior to public posting. The current vacancies are listed below by position classification.

<i>Position Classification</i>	#
Supervising Special Investigator II	1
Supervising Special Investigator I	3
Special Investigator	17
Assoc Governmental Program Analyst	1
Consumer Services Representative	8
Office Technician (Typing)	6
Program Technician II	1
TOTAL	37

STATISTICAL OVERVIEW

Complaint Handling Statistics (Fiscal Year 2021/2022)

Investigations Initiated & Complaints Received

- CSLB initiated 19,158 investigations in FY 2021/2022, which was 2,607 higher than FY 2020/2021.

Pending Investigations

- With current staffing levels, the optimum maximum Enforcement Division caseload is 3,620 pending complaints. As of July 2022, the pending caseload was 4,747.

Special Investigator Production Goals

- For FY 2021/2022, the weighted monthly case-closing average per Special Investigator in Investigative Centers was eight closures per month, two fewer than the closure goal of 10.



Complaint-Handling Cycle Time

- The Board's goal is to appropriately disposition all but 100 complaints within 270 days of receipt. Of the 4,747 complaints that were open at the end of the fiscal year, 261 (or five percent) exceeded 270 days in age.

Restitution to Financially Injured Persons

- CSLB continues to assist consumers and help licensees resolve non-egregious consumer complaints. For FY 2021/2022, complaint negotiation efforts by the IMC and Investigative Centers resulted in more than \$22 million in restitution to financially injured parties.

Investigative Center Legal Actions

- For FY 2021/2022, the Investigative Centers referred 506 (28 percent) of the 1,782 legal action investigations for criminal prosecution.

Case Management Activities (FY 2021/2022)

Arbitration

- 481 arbitration cases initiated, resulting in \$2,847,683 in restitution ordered to injured parties
- 95 licenses revoked for non-compliance with an arbitration award

Citations

- 1,551 citations issued (736 to licensees, 815 to non-licensed)
- 528 citations appealed (320 licensees, 208 non-licensed)
- 915 citations complied with (519 licensees, 436 non-licensed)

Civil Penalties Collected

- Licensee Citation Civil Penalties
 - Informal citation conferences conducted: 191
 - Civil penalties collected: \$1,274,656
 - Restitution: \$1,032,020
- Non-Licensee Citation Civil Penalties
 - Informal settlement conferences conducted: 169
 - Civil penalties collected: \$600,459



Accusations

- Accusations filed: 218
- License revocations: 204
- Licenses placed on probation: 88
- Restitution paid to injured parties: \$1,158,327
- Cost recovery collected: \$924,701

STATEWIDE INVESTIGATIVE FRAUD TEAM

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

In Fiscal Year (FY) 2021/2022, SWIFT conducted 17 sting operations, participated in 337 sweep days, and responded to 996 leads. SWIFT completed 3,634 investigations resulting from stings, sweeps, and leads. Of these 3,634 cases, 1,119 resulted in an administrative or criminal legal action, as well as the issuance of 1,386 Advisory Notices for minor violations.

District Attorney Referrals

In FY 2021/2022, SWIFT referred 390 cases to local district attorneys’ offices for criminal prosecution – 308 for contracting without a license and 82 against licensees. Most of the licensee referrals were for failure to secure workers’ compensation insurance.

Administrative Actions

In FY 2021/2022, SWIFT issued 598 licensee and non-licensee citations, wrote 129 Letters of Admonishment, filed two accusations, and assessed \$637,200 in non-licensee citation civil penalties. Administrative violations included working out of classification, working under a suspended or expired license, failing to obtain permits, and other license law violations that do not warrant a criminal referral.

Stop Orders

A Stop Order is a legal demand to cease all employee labor at any jobsite due to workers’ compensation insurance violations until an appropriate policy is obtained. Failure of a contractor to comply with a Stop Order is a misdemeanor criminal offense, punishable by up to 60 days in county jail and/or a fine of up to \$10,000. In FY 2021/2022, SWIFT



issued 319 Stop Orders to licensed and unlicensed individuals for using employee labor without having a valid workers' compensation policy.

Outstanding Tax and State Agency Liability Suspensions

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

Amounts Collected or Resolved

	2019	2020	2021	2022 (through June 30 th)
CSLB	\$114,880	\$139,775	\$82,938	\$57,300
EDD	\$15,091,585	\$10,372,682	\$9,149,749	\$7,423,380
DIR-Cal/OSHA	\$3,270,360	\$1,031,736	\$267,256	\$100,279
DIR-DLSE	\$1,423,337	\$2,726,391	\$3,476,291	\$713,312
FTB	\$6,490,225	\$4,211,003	\$5,868,340	\$2,057,604
Totals	\$26,390,386	\$18,481,587	\$18,844,574	\$10,351,875

NASCLA Enforcement Campaign

From June 6 to June 24, 2022, SWIFT participated in a nationwide enforcement effort coordinated by the National Association of State Contractors Licensing Agencies (NASCLA). This campaign was designed to heighten consumer awareness about the value of hiring licensed contractors and the risks of using those who are not licensed.

Over the three-week period, SWIFT conducted three undercover stings and 53 sweeps of active construction sites in 20 counties throughout California. In partnership with local law enforcement agencies, stings were conducted at homes in South Lake Tahoe, Salinas, and Redding. Sweep operations were conducted at active construction sites in the following counties: Contra Costa, El Dorado, Fresno, Kern, Los Angeles, Marin, Monterey, Napa, Orange, Placer, Sacramento, San Benito, San Bernardino, San Luis Obispo, San Mateo, Santa Barbara, Santa Clara, Santa Cruz, and Ventura.

Combined, these operations resulted in 142 legal actions and 40 Stop Orders against both licensed and unlicensed contractors. Fifty-eight of the 142 legal actions were individuals disciplined for unlicensed contracting.

AGENDA ITEM D

Update, Review, Discussion, and Possible Action on 2022-24 Enforcement Strategic Plan Objectives

- a. Strategic Plan Item 2.1: Leverage current enforcement tools to increase licensee and business knowledge by requiring contractors subject to CSLB corrective action to take specified courses
- b. Strategic Plan Item 2.2: Research the scope of unlicensed practice, evaluate allocated enforcement resources, and meet with industry stakeholders to review enforcement strategies.
- c. Strategic Plan Item 2.3: Coordinate educational workshops with agency partners to assist applicants and licensees in complying with Contractors State License Law (CSLL) and other business requirements.
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- e. Strategic Plan Item 2.6: Continue to enforce workers' compensation insurance requirements to protect consumers and workers and scrutinize licensees who self-certify they have not employees.





Agenda Item D: Update, Review, Discussion, and Possible Action On 2022-24 Enforcement Strategic Plan Objectives

This agenda item provides for a discussion of the Enforcement Division's strategic plan objectives, consistent with the Division's plan to update the Enforcement Committee in the summer of 2002 of its progress on some of these goals. The Enforcement Division's Strategic Plan objectives are located on page 17 of this link

https://www.cslb.ca.gov/Resources/reports/StrategicPlan/StrategicPlan_2022-24.Pdf

On July 6, 2022, CSLB Board Chair Mary Teichert, CSLB Secretary and Enforcement Committee Chair Michael Mark, Registrar David Fogg, and Chief Deputy Registrar Mike Jamnetski met with approximately 45 construction industry leaders to discuss the Enforcement Division's Strategic Plan objectives. Feedback from the attendees of the July 6, 2022, meeting is included in the updates below.

a. Strategic Goal 2.1 – Leverage current enforcement tools to increase licensee and business knowledge by requiring contractors subject to CSLB corrective action to take specified courses.

Current Status: In progress

Update: For contractor violations that are less serious than accusations or citations CSLB can already require contractors to take specified educational courses. For example, CSLB can issue a Letter of Admonishment (LOA) with a "Corrective Action Plan" (CAP) that requires contractors to take specified corrective measures, including the completion of a training class or other coursework. The LOA program was authorized by industry supported legislation in 2018. In Fiscal Year 2021-2022, CSLB issued 354 LOAs; and twenty-three percent of them included a CAP (most of which required completion of CSLB's own permit training course).

For formal disciplinary actions (accusations), CSLB guidelines provide for "staying" (or pausing) the revocation of a license if the contractor complies with certain conditions (also known as probation), which can include taking specified instructional courses. CSLB staff have leveraged current enforcement tools on this topic, as follows:

- The expanded use of educational requirements in CSLB disciplinary actions was discussed at the July 6 meeting with industry representatives, and no objections or concerns were expressed.



- CSLB staff have researched available educational resources. Staff have worked with several academic institutions to identify available instructional courses that could be appropriately prescribed for specific violations. A list of the available options will be provided to enforcement staff soon for use with LOA CAPs.

However, additional resources may be needed to effectively ensure contractors subject to accusations actually comply with coursework requirements. Under current law, if a contractor fails to complete the instructional coursework imposed on probation, CSLB does not have authority to reimpose revocation; a second accusation must be filed. This is a costly and time-consuming option to ensure contractors complete the coursework. It would be more effective if CSLB has similar authority that is already in place for when a contractor fails to comply with pay ordered restitution as part of a stayed revocation. In those cases, CSLB has authority to simply reimpose revocation without filing another accusation.

Authorizing CSLB to revoke a probationary license by operation of law for the respondent's failure to complete specified training would require legislation.

Staff Recommendation: That the Enforcement Committee request the full board consider requesting of a legislative proposal authorizing CSLB to automatically revoke a license subject to a formal disciplinary order if the receiving respondent does not complete a specified instructional course.

b. Strategic Goal 2.2 – Research the scope of unlicensed practice, evaluate allocated enforcement resources, and meet with industry stakeholders to review enforcement strategies.

Current Status: In progress

Update: The construction industry representatives at the July 6 meeting were particularly enthusiastic about this Strategic Goal. They said they would welcome and support all efforts to increase enforcement of state licensing requirements.

The size of the underground economy is notoriously difficult to estimate since transactions are not formally reported or documented. Enforcement Division staff have reviewed prior research on this subject conducted by other institutions. The most comprehensive academic effort was conducted by the Little Hoover Commission, which in March 2015 released their report: *Level the Playing Field: Put California's Underground Economy Out of Business* (<https://lhc.ca.gov/report/level-playing-field-put-californias-underground-economy-out-business>). Among the Commission's fifteen recommendations was increased enforcement by government regulatory agencies. However, the Commission's report did not specifically address the construction industry in California.



In a preliminary effort to assess the size of the underground economy in the construction sector, CSLB Public Affairs staff conducted a survey of online contracting advertisements in June 2022. This survey of 180 randomly selected contractors' ads found that **78 percent** did not provide their contractor's license number, and many were likely unlicensed.

In part because of the scarcity of information on this subject, CSLB staff have proposed hiring a private consultant 1) to better assess the size of the underground economy in the construction industry, and 2) review all CSLB enforcement operations and staffing. The specific scope of work proposed for the consultant study would include:

- Review prior research efforts and collaborate with CSLB staff, industry representatives, and other sources to evaluate the size of the underground economy in California.
- Evaluate CSLB's reactive and proactive enforcement investigation needs.
- Determine whether existing CSLB enforcement resources are properly allocated to maximize consumer protection.
- Evaluate whether current production goals for staff, which were last set by the Board in 2006, are appropriate and realistic.
- Examine Enforcement Division staff classifications to determine if they are appropriate for the work performed.
- Prepare a written report on all findings and recommend achievable adjustments that will enhance Enforcement Division operations and maximize consumer protection.

Enforcement Division staff have explored potential vendors who would be able and qualified to conduct the proposed study. Staff estimates that the cost of completing the proposed study would not exceed \$75,000.

Staff Recommendation: That the Enforcement Committee recommend to the full board that up to \$75,000 be authorized to hire a private consultant to assess CSLB enforcement operations and staffing, as specified above.



c. Strategic Goal 2.3 – Coordinate educational workshops with agency partners to assist applicants and licensees in complying with contractors state license law and other business requirements.

Current Status: In progress

Update: This goal was discussed with industry representatives at the July 6, 2022, meeting with CSLB. Those present at this meeting were supportive of the goal. Since then, Registrar Fogt has reached out to executive staff at the Joint Enforcement Strike Force regarding their participation and/or assistance with future licensing workshops.

The Joint Enforcement Strike Force (JESF) is a partnership of California enforcement agencies that work with local and federal agencies to:

- Combat the underground economy in California (https://edd.ca.gov/Payroll_Taxes/underground_economy_cost.htm.)
- Promote a level playing field for California businesses.

The JESF's authority was set up under section 329 of the California Unemployment Insurance Code (https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=329.&awCode=UIC) to combat the underground economy by combining resources and sharing information among the state agencies that enforce tax, labor, and licensing laws. The Employment Development Department (EDD) director or director's designee serves as the Chairperson of JESF.

JESF/EDD leadership has confirmed EDD will include CSLB in their construction related educational seminars and workshops that can be found here: [America's Job Center of California \(AJCC\)](#).

CSLB staff will participate in construction related seminars to discuss:

- License requirements
- Workers compensation insurance
- Other Contractors License Law requirements specific to audience in addition to the standard subjects that include:
 - Labor law
 - Personnel issues
 - Payroll Tax https://seminars.edd.ca.gov/payroll_tax_seminars
 - [Unemployment Insurance](#)



- [Disability Insurance](#)

Staff Recommendation: None. This is an information item only.

d. Strategic Goal 2.5 – Research the need to establish a public works enforcement unit to perform outreach to awarding agencies and coordinate public works investigations with compliance groups and government entities to enforce contractors state license law requirements.

Current Status: In progress

Update: This goal was discussed with industry representatives at the July 6, 2022 meeting with CSLB. Additionally, CSLB staff recently met with compliance groups that included the Foundation for Fair Contracting, Operating Engineers, and others to discuss anticipated workload and collaboration strategies.

After research and later discussion of the need to establish a separate public works enforcement unit, the consensus of all is that the creation of an independent, dedicated public works unit with a supervisor and support staff is not necessary. Rather, the existing Quality Assurance (QA) Unit within Enforcement Division can be augmented to give appropriate attention to public works investigations.

This is achievable by assigning four Special Investigators that do not work consumer filed complaints to the Quality Assurance Unit as follows:

1. The Dig Alert Special Investigator position established through the Budget Change Process.
2. The Special Investigator position established to investigate electrician certification violations. Note: Financial support for this position already exists from the extra \$20 C-10 Electrical contractors pay on their renewal fee
3. Reclassification of a Testing Center position that is no longer needed because of the transition of test administration to PSI.
4. Reassignment of some duties of the existing Quality Assurance investigator to handle Special assignments and Public Works investigations

Proposed duties for the four investigators follow:

- Unlicensed Contracting



- Workers' compensation insurance requirements
- Illegal contractor substitutions
- Civil wage and penalty assessments Issued by the Division of Labor Standards Enforcement
- Electrician certification requirements
- Dig Alert Violations

Staff Recommendation: None. The committee may want to consider this informational only or refer it to the full board to amend the objective from research the need for a public work unit, to dedicate four Special Investigators to work specified public works complaints within the existing Quality Assurance Unit.

- e. **2.6 Continue to enforce workers' compensation insurance requirements to protect consumers and workers and scrutinize licensees who self-certify they have no employees.**

Background

This goal was discussed with industry representatives at the July 6, 2022, meeting with CSLB. The representatives who were present strongly support the continued strict enforcement of workers' compensation insurance (WC) requirements and appreciate all efforts by CSLB towards this end. Further, CSLB continues to receive consumer complaints and industry leads alleging licensed contractors are employing workers without the required workers compensation insurance.

Status

July 20, 2022, a statewide Enforcement supervisor meeting was conducted. The supervisors were reminded that uninsured employees pose a public health threat to their workers, property owners, the public and have an unfair competitive over licensed contractors that carry workers compensation insurance. To address this concerns, CSLB sponsored AB569 (Grayson) that was chaptered and increases the civil penalty from filing a false workers compensation insurance exemption from \$5,000 to \$30,000.

Staff Recommendation: None. This is an Informational only.

AGENDA ITEM E

Adjournment

