



July 1, 2019

The Honorable Steven M. Glazer, Chair
Senate Business, Professions, and Economic Development Committee
State Capitol, Room 2053
Sacramento, CA 95814

The Honorable Evan Low, Chair
Assembly Business and Professions Committee
1020 N St., Room 383
Sacramento, CA 95814

Re: Annual Department of Consumer Affairs Distributed Costs Report

Dear Senator Glazer and Assembly Member Low:

Business & Professions Code section 201 requires the Department of Consumer Affairs (Department) to submit a report of the accounting of its pro rata calculation of administrative expenses to the Legislature annually by July 1 of each year.

The Department's report includes the following attachments:

- An overview of the methodology used for allocating distributed costs.
- A summary of costs by each service area of the Department for each board and bureau.

The Department charges pro rata to recover its costs for centralized administrative services provided to the boards and bureaus. All the work the Department performs is to support the boards and bureaus. The majority of distributed costs are based on workload and approximately one-third is distributed based on the authorized positions of the board or bureau. All savings achieved by the Department are returned to respective board and bureau funds at year-end.

In the attached spreadsheet of costs, there are six boards and bureaus that have higher than average costs at 30 percent or more of their annual budget. The following provides a brief explanation of the anomalies driving the costs.

- Board of Barbering and Cosmetology: This board has a large licensee population and therefore their share of the costs for the BreZE licensing and enforcement database is higher. The Department also receives a significant amount of calls in its Consumer Information Center (CIC) unit directly related to this board.
- Medical Board of California: The Department has an entire unit (Health Quality Investigation Unit) of sworn investigators and support staff dedicated to

providing this board with enforcement services that accounts for nearly 80 percent of the costs this board pays the Department.

- Board of Optometry: The board had a significant increase in enforcement cases that resulted in an increase to their costs to support the Department's Division of Investigation.
- Naturopathic Medicine Committee: The committee had a significant enforcement case that resulted in an increase to their costs to support the Department's Division of Investigation.
- Board of Registered Nursing: This board has a large licensee population and therefore their share of the costs for the BreEZe licensing and enforcement database is higher. Additionally, the board has a high volume of enforcement cases that are conducted by the Department's Division of Investigation.
- Board of Vocational Nursing and Psychiatric Technicians: This board has a higher than average number of cases referred to the Department's Division of Investigation and the costs of conducting those investigations accounts for more than half of the costs this board pays the Department.
- Bureau of Security & Investigative Services: Like the Board of Barbering and Cosmetology, this bureau has a large licensee population that contributes to larger shares of BreEZe and CIC costs.

Should you have any questions regarding this report, please contact Dennis Cuevas-Romero, Deputy Director for Legislative Affairs, at (916) 574-7800 or Dennis.Cuevas-Romero@dca.ca.gov.

Sincerely,



Christopher S. Shultz
Chief Deputy Director

cc: Che Salinas, Chief Deputy Legislative Secretary, Office of the Governor
Sonya Logman, Deputy Cabinet Secretary, Office of the Governor
Alexis Podesta, Secretary, Business, Consumer Services and Housing Agency
Lila Mirrashidi, Deputy Secretary of Business and Consumer Relations, Business, Consumer Services and Housing Agency
Clint Kellum, Assistant Program Budget Manager, Department of Finance
Helen Kerstein, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
Members of Senate Business, Professions, and Economic Development Committee
Members of the Senate Budget Subcommittee No. 4
Members of Assembly Business and Professions Committee
Members of the Assembly Budget Subcommittee No. 4
Department Executive Officers and Bureau Chiefs

Attachments:

Distributed Cost Methodology for Fiscal Year 2019-20

2019-20 Department of Consumer Affairs Distributed Costs Spreadsheet

**DEPARTMENT OF CONSUMER AFFAIRS
DISTRIBUTED COST METHODOLOGY FOR FISCAL YEAR 2019-20**

This attachment (Attachment A) provides a narrative overview explaining which centralized services are included in each column on the enclosed spreadsheet (Attachment B).

CONSUMER AND CLIENT SERVICES DIVISION (CCSD) includes the following centralized services:

1. ADMINISTRATIVE & INFORMATION SERVICES DIVISION (AISD)

- *Column B – AISD EXCLUDING OFFICE OF INFORMATION SERVICES (OIS):* Distributed costs to all boards/bureaus/programs based on authorized position count. This column includes the Executive Office, Equal Employment Opportunity Office, Internal Audits, Legal Affairs, Legislative Affairs, SOLID Training & Planning Solutions, Information Security, and the Office of Administrative Services (Fiscal Operations, Business Services Office, Office of Human Resources). This column also includes the Office of Professional Examination Services, where most services are direct billed costs based on individual intra-agency agreements with programs, and a small portion of the budget is distributed to programs that are required to report pursuant to B&P Section 139 based on authorized position count.
- *Column C – OFFICE OF INFORMATION SERVICES (OIS):* Distributed costs based on service center usage. Cost centers include ATS/CAS, BreEZe, Cannabis, telecom, PC support, LAN/WAN, and web services among others.

2. COMMUNICATIONS DIVISION:

- *Column D – PUBLIC AFFAIRS:* Distributed costs based on authorized position count.
- *Column E – PUBLICATIONS, DESIGN AND EDITING:* Distributed costs based on authorized position count. This column also includes Digital Print Services where printing and material costs are direct costs based on individual service request.

3. DIVISION OF PROGRAM AND POLICY REVIEW:

- *Column F – CONSUMER INFORMATION CENTER:* Distributed costs based on client's past year workload to determine the client's distributed costs in budget year. Non-jurisdictional call costs distributed to all boards/bureaus/programs based on authorized position count.
- *Column G – CORRESPONDENCE UNIT:* Distributed costs based on client's past year workload to determine the client's distributed costs in budget year. Non-jurisdictional correspondence costs distributed to all boards/bureaus/programs based on authorized position count.
- *Column H – POLICY REVIEW PROGRAM:* Distributed costs based on authorized position count.

DIVISION OF INVESTIGATION (DOI) includes the following units:

- *Column I – SPECIAL OPERATIONS UNIT:* Distributed costs based on authorized position count.
- *Column J – HEALTH QUALITY INVESTIGATION UNIT (HQIU):* Costs distributed fully to the Medical Board of California. Costs incurred by Allied Health Programs are based on an hourly rate and invoiced directly with reimbursement going to the Medical Board.
- *Column K – INVESTIGATION & ENFORCEMENT UNIT:* Fee for service: Based on two-year roll-forward methodology. This methodology uses a client's actual workload/costs in past year to determine the client's budget in budget year, which will cover the budget year estimated workload, plus any credit or debit for services already provided.
- *Column L – CANNABIS ENFORCEMENT UNIT (CEU):* Costs distributed fully to the Bureau of Cannabis Control.

2019-20 Department of Consumer Affairs Distributed Costs
Budget Act of 2019

Division of Investigation

Consumer and Client Services Division

Administrative & Information Services Division (AISD)

| Board / Bureau Name | A 2019-20 Authorized Positions | Consumer and Client Services Division | | | | | | | | | | Division of Investigation | | | | | M TOTAL | O % of Budget |
|--|---|---------------------------------------|-------------------|---------------------|--|--|-----------------------------|-------------------------------|---------------------------------|---|--|-----------------------------------|--------------------|-------------|--|--|------------|------------------|
| | | B AISD excluding OIS | C OIS | D Public Affairs | E Publications Design & Editing | F Consumer Information Center | G Correspondence Unit | H Policy Review Program | I Special Operations Unit | J Health Quality Investigation Unit | K Investigation & Enforcement Unit | L Cannabis Enforcement Unit | | | | | | |
| Accountancy | 103.8 | 1,676,000 | 269,000 | 54,000 | 48,000 | 29,000 | 24,000 | 13,000 | 54,000 | 347,000 | | | 2,514,000 | 1.6% | | | | |
| Board of Architectural Examiners | 24.9 | 408,000 | 253,000 | 13,000 | 7,000 | 7,000 | 7,000 | 3,000 | 13,000 | 30,000 | | | 745,000 | 1.9% | | | | |
| Landscaping Arch Committee | 5.5 | 92,000 | 59,000 | 3,000 | 2,000 | 2,000 | 2,000 | 1,000 | 2,000 | | | | 143,000 | 1.5% | | | | |
| Athletic Commission | 10.2 | 168,000 | 91,000 | 5,000 | 4,000 | 3,000 | 3,000 | 1,000 | 4,000 | | | | 279,000 | 1.6% | | | | |
| Boxer's Pension | 0.5 | 7,000 | 8,000 | - | - | - | - | - | - | | | | 15,000 | 1.3% | | | | |
| Board of Behavioral Sciences | 64.3 | 1,047,000 | 1,266,000 | 33,000 | 30,000 | 42,000 | 17,000 | 9,000 | 33,000 | 190,000 | | | 2,667,000 | 2.2% | | | | |
| Chiropractic Examiners | 19.4 | 316,000 | 332,000 | 9,000 | 8,000 | 5,000 | 5,000 | 2,000 | 10,000 | 262,000 | | | 949,000 | 1.9% | | | | |
| Barbering & Cosmetology ¹ | 96.2 | 1,563,000 | 4,436,000 | 50,000 | 44,000 | 749,000 | 47,000 | 42,000 | 51,000 | 1,555,000 | | | 7,107,000 | 3.4% | | | | |
| Contractors State License Bd | 430.6 | 5,164,000 | 866,000 | 167,000 | 145,000 | 124,000 | 110,000 | 100,000 | 144,000 | 1,000,000 | | | 6,880,000 | 1.0% | | | | |
| Dental Board of CA | 74.7 | 1,212,000 | 1,050,000 | 39,000 | 34,000 | 36,000 | 29,000 | 9,000 | 39,000 | 100,000 | | | 2,448,000 | 1.6% | | | | |
| Dental Assistants Program | 13.1 | 210,000 | 414,000 | 6,000 | 6,000 | 3,000 | 3,000 | 2,000 | 5,000 | 5,000 | | | 649,000 | 2.6% | | | | |
| Dental Hygiene Committee | 13.0 | 210,000 | 251,000 | 6,000 | 6,000 | 8,000 | 3,000 | 2,000 | 5,000 | 5,000 | | | 491,000 | 2.1% | | | | |
| Medical Board of California ² | 187.0 | 3,035,000 | 1,797,000 | 99,000 | 85,000 | 75,000 | 50,000 | 24,000 | 97,000 | 318,000 | | | 26,869,000 | 4.1% | | | | |
| Acupuncture Board | 14.0 | 197,000 | 248,000 | 6,000 | 5,000 | 41,000 | 3,000 | 1,000 | 5,000 | 455,000 | | | 824,000 | 1.8% | | | | |
| Physician Assistant Board | 25.4 | 469,000 | 442,000 | 13,000 | 12,000 | 12,000 | 7,000 | 3,000 | 13,000 | 265,000 | | | 1,366,000 | 2.6% | | | | |
| Board of Podiatric Medicine | 5.2 | 65,000 | 68,000 | 3,000 | 3,000 | 3,000 | 2,000 | 1,000 | 3,000 | 3,000 | | | 247,000 | 1.2% | | | | |
| Board of Psychology | 25.3 | 410,000 | 455,000 | 13,000 | 11,000 | 2,000 | 8,000 | 3,000 | 2,000 | 1,000 | | | 64,000 | 1.1% | | | | |
| Respiratory Care Board | 17.4 | 284,000 | 300,000 | 8,000 | 7,000 | 7,000 | 4,000 | 2,000 | 9,000 | 1,000 | | | 874,000 | 1.7% | | | | |
| Speech-Language P.A./Hearing Aid | 11.6 | 191,000 | 150,000 | 6,000 | 5,000 | 3,000 | 9,000 | 1,000 | 3,000 | 215,000 | | | 585,000 | 2.6% | | | | |
| Occupational Therapy | 15.2 | 248,000 | 226,000 | 7,000 | 6,000 | 8,000 | 4,000 | 2,000 | 7,000 | 54,000 | | | 684,000 | 2.4% | | | | |
| Board of Optometry ³ | 20.4 | 320,000 | 52,000 | 1,000 | 1,000 | 1,000 | 3,000 | 1,000 | 4,000 | 296,000 | | | 127,000 | 2.4% | | | | |
| Registered Dispensing Opticians | 13.4 | 219,000 | 172,000 | 6,000 | 6,000 | 5,000 | 3,000 | 2,000 | 6,000 | 39,000 | | | 419,000 | 1.4% | | | | |
| Osteopathic Medical Board | 2.0 | 33,000 | 21,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 112,000 | | | 171,000 | 3.8% | | | | |
| Naturopathic Medicine ⁴ | 120.6 | 1,959,000 | 1,170,000 | 62,000 | 53,000 | 32,000 | 29,000 | 15,000 | 64,000 | 1,120,000 | | | 3,384,000 | 1.3% | | | | |
| Board of Pharmacy - Sharps | 3.0 | 43,000 | - | 1,000 | 1,000 | - | - | - | 1,000 | - | | | 46,000 | 1.0% | | | | |
| Board for Prof. Engineers, Land Surveyors & Geologists | 47.2 | 790,000 | 686,000 | 24,000 | 21,000 | 13,000 | 14,000 | 6,000 | 25,000 | - | | | 1,579,000 | 1.3% | | | | |
| Board of Registered Nursing ⁵ | 238.8 | 3,830,000 | 3,368,000 | 126,000 | 109,000 | 299,000 | 158,000 | 30,000 | 121,000 | 6,034,000 | | | 16,075,000 | 2.7% | | | | |
| Court Reporters Board | 4.5 | 73,000 | 58,000 | 2,000 | 2,000 | 1,000 | 2,000 | 1,000 | 2,000 | 141,000 | | | 141,000 | 1.2% | | | | |
| Structural Pest Support | 29.9 | 488,000 | 314,000 | 15,000 | 13,000 | 8,000 | 11,000 | 4,000 | 16,000 | 869,000 | | | 869,000 | 1.6% | | | | |
| Veterinary Medical Board | 24.3 | 392,000 | 394,000 | 13,000 | 11,000 | 12,000 | 9,000 | 3,000 | 13,000 | 428,000 | | | 1,275,000 | 2.4% | | | | |
| Vocational Nursing & Psychiatric Technician | 71.4 | 1,155,000 | 1,344,000 | 37,000 | 31,000 | 44,000 | 28,000 | 9,000 | 37,000 | 2,942,000 | | | 5,647,000 | 3.4% | | | | |
| Abilitation Certification Program | 8.0 | 128,000 | 69,000 | 4,000 | 3,000 | 3,000 | 2,000 | 1,000 | 3,000 | 356,000 | | | 213,000 | 1.4% | | | | |
| Private Security Services ⁶ | 65.9 | 1,070,000 | 3,249,000 | 33,000 | 30,000 | 1,233,000 | 37,000 | 9,000 | 33,000 | 356,000 | | | 6,050,000 | 4.0% | | | | |
| Private Investigators | 4.5 | 75,000 | 136,000 | 2,000 | 2,000 | 1,000 | 1,000 | 2,000 | 2,000 | 218,000 | | | 218,000 | 2.0% | | | | |
| Private Postsecondary | 106.0 | 1,698,000 | 1,199,000 | 54,000 | 47,000 | 28,000 | 69,000 | 14,000 | 56,000 | 135,000 | | | 3,300,000 | 1.6% | | | | |
| Electronic/Appliance Repair | 20.0 | 319,000 | 208,000 | 11,000 | 9,000 | 9,000 | 13,000 | 2,000 | 10,000 | 581,000 | | | 581,000 | 2.0% | | | | |
| Household Furnishings | 30.9 | 491,000 | 312,000 | 16,000 | 13,000 | 9,000 | 6,000 | 4,000 | 17,000 | 868,000 | | | 868,000 | 1.6% | | | | |
| Home Movers | 11.0 | 175,000 | 101,000 | 5,000 | 5,000 | 2,000 | 2,000 | 1,000 | 5,000 | 296,000 | | | 296,000 | 1.3% | | | | |
| Automotive Repair (VIRF) | 543.8 | 8,559,000 | 4,843,000 | 304,000 | 266,000 | 645,000 | 146,000 | 79,000 | 303,000 | 1,544,000 | | | 15,444,000 | 3.3% | | | | |
| Automotive Repair (IPRRA) | 57.6 | 919,000 | 594,000 | 30,000 | 27,000 | 16,000 | 12,000 | 8,000 | 30,000 | 1,546,000 | | | 1,546,000 | 1.7% | | | | |
| Automotive Repair (ERM) | 9.0 | 143,000 | 78,000 | 4,000 | 4,000 | 3,000 | 2,000 | 1,000 | 4,000 | 239,000 | | | 239,000 | 2.6% | | | | |
| Cemetery & Funeral | 25.0 | 406,000 | 243,000 | 13,000 | 11,000 | 9,000 | 7,000 | 3,000 | 13,000 | 705,000 | | | 705,000 | 1.5% | | | | |
| Bureau of Real Estate Appraisers | 30.8 | 508,000 | 55,000 | 16,000 | 13,000 | 7,000 | 7,000 | 4,000 | 18,000 | 628,000 | | | 628,000 | 1.1% | | | | |
| Professional Fiduciaries Bureau | 3.0 | 48,000 | 30,000 | 1,000 | 1,000 | 1,000 | 1,000 | - | 1,000 | 107,000 | | | 107,000 | 1.9% | | | | |
| Bureau of Cannabis Control ⁸ | 234.0 | 1,418,000 | 4,734,000 | 1,327,000 | 1,158,000 | 3,697,000 | 964,000 | 330,000 | 1,320,000 | 12,448,000 | 7,402,000 | 7,402,000 | 13,711,000 | 2.1% | | | | |
| TOTAL, 1111 | 2,883.5 | 42,483,000 | 38,584,000 | 1,327,000 | 1,158,000 | 3,697,000 | 964,000 | 330,000 | 1,320,000 | 12,448,000 | 7,402,000 | 7,402,000 | 131,342,000 | 2.1% | | | | |
| Distributed Cost TOTAL | 2,883.5 | 42,483,000 | 38,584,000 | 1,327,000 | 1,158,000 | 3,697,000 | 964,000 | 330,000 | 1,320,000 | 12,448,000 | 7,402,000 | 7,402,000 | 131,342,000 | 2.1% | | | | |
| Reimbursements | | 1,321,000 | 90,000 | 56,000 | - | - | - | - | - | - | - | - | 1,467,000 | | | | | |
| Direct Distributes (Olc of Professional Examination Services) | | 1,593,000 | - | - | - | - | - | - | - | - | - | - | 1,593,000 | | | | | |
| Total Budget | | 45,397,000 | 38,674,000 | 1,385,000 | 1,158,000 | 3,697,000 | 964,000 | 330,000 | 1,320,000 | 12,448,000 | 7,402,000 | 7,402,000 | 134,402,000 | | | | | |

¹ The Board of Barbering and Cosmetology has a large licensee population and therefore their share of the costs for the BreZe licensing and enforcement database appear higher. The Department also receives a significant amount of workload in its Consumer Information Center (CIC) unit directly related to this board.

² The Medical Board of California funds the Department's Health Quality Investigation Unit, a unit of sworn investigators and support staff dedicated to providing the board with enforcement services that accounts for nearly 80% of the cost the board pays the Department.

³ The Board of Optometry had a significant increase in enforcement cases that resulted in a increase to their costs to support the Department's Division of Investigation.

⁴ The Naturopathic Medicine Committee had a significant enforcement case that resulted in a increase to their costs to support the Department's Division of Investigation.

⁵ The Board of Registered Nursing has a large licensee population that contributes to larger shares of BreZe and CIC costs. Additionally, the board has a high volume of enforcement cases that are conducted by the Department's Division of Investigation.

⁶ The Board of Vocational Nursing and Psychiatric Technicians has a higher than average number of cases referred to the Department's Division of Investigation and the costs of conducting those investigations accounts for over half of the costs this board pays the Department.

⁷ The Bureau of Security and Investigative Services has a large licensee population that contributes to larger shares of BreZe and CIC costs, similar to the Board of Barbering and Cosmetology.

⁸ The Bureau of Cannabis Control is implementing a new information technology system, which is paid for and supported through the Department. Additionally, similar to the Medical Board, the Department has a unit (Cannabis Enforcement Unit) of sworn investigators and support staff dedicated solely to this bureau.