



June 29, 2020

The Honorable Steve 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 379
Sacramento, CA 95814

Re: Annual Department of Consumer Affairs Distributed Costs Report

Dear Senator Glazer and Assembly Member Low:

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

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 four 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 (over 600,000 licensees) and therefore their share of the costs for the BreEZe 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 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: Similar to the Board of Barbering and Cosmetology, this bureau has a large licensee population (over 400,000) that contributes to larger shares of BreEZe and Consumer Information Center costs.

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

Sincerely,



Kimberly Kirchmeyer
Director

cc: Stuart Thompson, Chief Deputy Legislative Secretary, Office of the Governor
Lourdes Castro Ramírez, Secretary, 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 the Senate Business, Professions, and Economic Development Committee
Members of the Senate Budget Subcommittee No. 4
Members of the Assembly Business and Professions Committee
Members of the Assembly Budget Subcommittee No. 4
Department of Consumer Affairs Executive Officers and Bureau Chiefs

Attachments:

Distributed Cost Methodology for Fiscal Year 2020-21
2020-21 Department of Consumer Affairs Distributed Costs Spreadsheet

**DEPARTMENT OF CONSUMER AFFAIRS
DISTRIBUTED COST METHODOLOGY FOR FISCAL YEAR 2020-21**

CONSUMER AND CLIENT SERVICES DIVISION (CCSD)

1. ADMINISTRATIVE & INFORMATION SERVICES DIVISION (AISD):

- *AISD LESS OFFICE OF INFORMATION SERVICES* (which consists of 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 [which consists of Fiscal Operations, Business Services Office, Office of Human Resources]): Distributed costs to all boards/bureaus/programs based on authorized position count. Costs derived from AISD positions gained through cannabis related proposals to support the Bureau of Cannabis Control are tracked separately and allocated directly to the bureau.
- *OFFICE OF PROFESSIONAL EXAMINATION SERVICES (OPES)*: Most Services are direct costs based on individual intra-agency agreements with boards/bureaus/programs. Small portion of budget distributed to boards/bureaus/programs required to report pursuant to B&P 139 based on authorized position count.
- *OFFICE OF INFORMATION SERVICES (OIS)*: Distributed costs based on service center usage. Cost centers include ATS/CAS, BreZE, telecom, PC support, LAN/WAN, and web services among others. Costs derived from OIS positions gained through cannabis related proposals to support the Bureau of Cannabis Control are tracked separately and allocated directly to the bureau.

2. COMMUNICATIONS DIVISION:

- *PUBLIC AFFAIRS*: Distributed costs based on authorized position count.
- *PUBLICATIONS, DESIGN AND EDITING*: Distributed costs based on authorized position count.
- *DIGITAL PRINT SERVICES*: Staffing costs based on authorized position count. Costs of printing and materials are direct costs based on individual service request.

3. DIVISION OF PROGRAM AND POLICY REVIEW:

- *CONSUMER INFORMATION CENTER (CIC)*: 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.
- *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.
- *POLICY REVIEW (PRP)*: Distributed costs based on authorized position count.

DIVISION OF INVESTIGATION (DOI)

- *SPECIAL OPERATIONS UNIT*: Distributed costs based on authorized position count.
- *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.
- *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.

**DEPARTMENT OF CONSUMER AFFAIRS
DISTRIBUTED COST CALCULATIONS FOR FISCAL YEAR 2020-21**

AUTHORIZED POSITION COUNT

Used to distribute the budget for the Department's administrative units where costs benefit more than one Board or Bureau and a specific workload metric is not available. (examples: Fiscal Operations, Human Resources, etc.)

$$\text{Distributed Cost Rate (\%)} = \frac{\text{Program Authorized Positions}}{\text{Total of All Programs Authorized Positions}}$$

Example:

$$\text{Program A Cost Rate} = 10\% = \frac{100.0 \text{ Authorized Positions (Program A)}}{1,000.0 \text{ Authorized Positions (All Programs)}}$$

PAST YEAR WORKLOAD

Used to distribute the budget for the Department's units where costs benefit more than one Board or Bureau and workload is primarily based on a specific workload metric. (examples: Consumer Information Center, Investigation and Enforcement Unit, etc.)

$$\text{Distributed Cost Rate (\%)} = \frac{\text{Program Specific Call Volume}}{\text{Total of All Programs Call Volume}}$$

Example:

$$\text{Program A Cost Rate} = 20\% = \frac{20,000 \text{ Calls (Program A)}}{100,000 \text{ Calls (All Programs)}}$$

SERVICE CENTER USAGE

Used to distribute the budget for the Department's units where costs benefit more than one Board or Bureau, and costs are based on specific device or record count. (example: Office of Information Services)

$$\text{Distributed Cost Rate (\%)} = \frac{\text{Program Specific Widget}}{\text{Total of All Programs Widgets}}$$

Example:

$$\text{Program A Cost Rate} = 15\% = \frac{150 \text{ Workstations (Program A)}}{1,000 \text{ Total Workstations (All Programs)}}$$

DIRECT COST

Used to distribute the budget for the Department's units where costs benefit only one Board or Bureau. (example: Health Quality Investigation Unit)

2020-21 Department of Consumer Affairs Distributed Costs
Budget Act of 2020

Attachment B

| Board / Bureau Name | 2020-21 Authorized Positions | Consumer and Client Services Division | | | | | | | | | | Division of Investigation | | | TOTAL | % of Budget | |
|---|------------------------------------|--|----------------------|-------------------|------------------|-------------------------|-------------------------------------|-------------------------------------|----------------|----------------|-----------------|---------------------------|------------------|-------------------|-------------------|--------------------|------------|
| | | Administrative & Information Services Division | | | | Communications Division | | Division of Program & Policy Review | | | | Special | Health Quality | Investigation & | | | |
| | | AISD Less OIS | OIS (less BreEZe) | OIS (BreEZe) | OIS (Biz Mod) | Public Affairs | Publications Design & Editing | Consumer Information Center | Correspondence | Policy Review | Operations Unit | Investigation Unit | Enforcement Unit | | | | |
| Accountancy | 103.8 | 1,727,000 | 318,000 | - | - | 53,000 | 48,000 | 70,000 | 23,000 | 13,000 | - | - | 54,000 | - | 362,000 | 2,668,000 | 16% |
| Board of Architectural Examiners | 24.9 | 410,000 | 277,000 | - | - | 12,000 | 11,000 | 16,000 | 6,000 | 3,000 | - | - | 12,000 | - | 92,000 | 839,000 | 20% |
| Landscape Arch Committee | 5.5 | 92,000 | 69,000 | - | - | 3,000 | 2,000 | 4,000 | 1,000 | 1,000 | - | - | 3,000 | - | - | 175,000 | 16% |
| Athletic Commission | 10.2 | 171,000 | 100,000 | - | - | 5,000 | 4,000 | 7,000 | 2,000 | 1,000 | - | - | 5,000 | - | 35,000 | 330,000 | 18% |
| Boxer's Pension | 0.5 | 8,000 | 9,000 | - | - | - | - | - | - | - | - | - | - | - | - | 17,000 | 15% |
| Board of Behavioral Sciences | 65.5 | 1,082,000 | 670,000 | 506,000 | - | 34,000 | 30,000 | 100,000 | 21,000 | 8,000 | - | - | 28,000 | - | - | 2,479,000 | 20% |
| Chiropractic Examiners | 19.4 | 318,000 | 224,000 | - | 126,000 | 10,000 | 8,000 | 12,000 | 9,000 | 2,000 | - | - | 10,000 | - | 354,000 | 1,073,000 | 20% |
| Barbering & Cosmetology ¹ | 96.2 | 1,591,000 | 1,196,000 | 2,704,000 | - | 51,000 | 44,000 | 597,000 | 72,000 | 12,000 | - | - | 42,000 | - | - | 6,309,000 | 30% |
| Contractors State License Bd | 432.6 | 6,194,000 | 1,006,000 | - | - | 196,000 | 172,000 | 291,000 | 116,000 | 48,000 | - | - | 193,000 | - | 52,000 | 8,268,000 | 11% |
| Dental Board of CA | 88.8 | 1,467,000 | 917,000 | 433,000 | - | 45,000 | 39,000 | 72,000 | 26,000 | 11,000 | - | - | 46,000 | - | - | 3,056,000 | 16% |
| Dental Hygiene Committee | 13.0 | 216,000 | 140,000 | 98,000 | - | 6,000 | 6,000 | 12,000 | 5,000 | 2,000 | - | - | 6,000 | - | - | 491,000 | 20% |
| Medical Board of California ² | 188.5 | 3,047,000 | 843,000 | 869,000 | - | 99,000 | 86,000 | 128,000 | 52,000 | 25,000 | - | - | 99,000 | 24,415,000 | - | 29,663,000 | 39% |
| Acupuncture Board | 14.0 | 228,000 | 151,000 | - | 126,000 | 7,000 | 6,000 | 10,000 | 3,000 | 2,000 | - | - | 7,000 | - | 491,000 | 1,031,000 | 21% |
| Physical Therapy Board | 27.4 | 456,000 | 275,000 | 177,000 | - | 14,000 | 12,000 | 23,000 | 8,000 | 3,000 | - | - | 13,000 | - | 737,000 | 1,718,000 | 28% |
| Physician Assistant Board | 11.0 | 183,000 | 97,000 | 70,000 | - | 5,000 | 5,000 | 7,000 | 3,000 | 1,000 | - | - | 5,000 | - | - | 376,000 | 13% |
| Board of Podiatric Medicine | 5.2 | 86,000 | 54,000 | 14,000 | - | 3,000 | 2,000 | 4,000 | 2,000 | 1,000 | - | - | 3,000 | - | - | 169,000 | 11% |
| Board of Psychology | 26.3 | 438,000 | 268,000 | 107,000 | - | 13,000 | 11,000 | 22,000 | 5,000 | 3,000 | - | - | 13,000 | - | 636,000 | 1,516,000 | 24% |
| Respiratory Care Board | 17.4 | 287,000 | 171,000 | 104,000 | - | 9,000 | 7,000 | 13,000 | 4,000 | 2,000 | - | - | 9,000 | - | - | 606,000 | 16% |
| Speech-Language P.A./ Hearing Aid | 11.6 | 189,000 | 159,000 | - | - | 6,000 | 5,000 | 8,000 | 8,000 | 1,000 | - | - | 6,000 | - | 35,000 | 417,000 | 18% |
| Occupational Therapy | 17.7 | 292,000 | 178,000 | 93,000 | - | 9,000 | 8,000 | 15,000 | 5,000 | 2,000 | - | - | 9,000 | - | 287,000 | 898,000 | 28% |
| Board of Optometry | 10.4 | 171,000 | 107,000 | 74,000 | - | 5,000 | 4,000 | 12,000 | 4,000 | 1,000 | - | - | 5,000 | - | 122,000 | 505,000 | 21% |
| Registered Dispensing Opticians | 2.0 | 32,000 | 22,000 | 6,000 | - | 1,000 | 1,000 | 1,000 | - | - | - | - | 1,000 | - | 81,000 | 145,000 | 29% |
| Osteopathic Medical Board | 13.4 | 222,000 | 126,000 | 54,000 | - | 7,000 | 6,000 | 10,000 | 4,000 | 2,000 | - | - | 3,000 | - | - | 434,000 | 14% |
| Naturopathic Medicine | 2.0 | 33,000 | 21,000 | 4,000 | - | 1,000 | 1,000 | 1,000 | 1,000 | - | - | - | - | - | - | 62,000 | 18% |
| Board of Pharmacy | 127.6 | 2,232,000 | 1,319,000 | - | - | 71,000 | 61,000 | 89,000 | 34,000 | 18,000 | - | - | 70,000 | - | - | 3,894,000 | 13% |
| Board of Pharmacy - Sharps | 7.0 | 102,000 | - | - | - | 3,000 | 2,000 | - | - | - | - | - | - | - | 2,000 | 109,000 | 8% |
| Board for Prof. Engineers, Land Surveyors & Geologists | 47.2 | 761,000 | 585,000 | - | 127,000 | 23,000 | 22,000 | 31,000 | 16,000 | 6,000 | - | - | 24,000 | - | 110,000 | 1,705,000 | 13% |
| Board of Registered Nursing | 238.8 | 3,995,000 | 2,266,000 | 2,892,000 | - | 124,000 | 112,000 | 335,000 | 126,000 | 31,000 | - | - | 127,000 | - | 6,723,000 | 16,731,000 | 28% |
| Court Reporters Board | 4.5 | 76,000 | 65,000 | - | - | 2,000 | 2,000 | 3,000 | 1,000 | 1,000 | - | - | 2,000 | - | - | 152,000 | 13% |
| Structural Pest- Support | 29.9 | 493,000 | 343,000 | - | - | 15,000 | 13,000 | 20,000 | 15,000 | 4,000 | - | - | 15,000 | - | - | 918,000 | 15% |
| Veterinary Medical Board | 30.3 | 502,000 | 305,000 | 148,000 | - | 15,000 | 13,000 | 28,000 | 11,000 | 4,000 | - | - | 15,000 | - | 330,000 | 1,371,000 | 21% |
| Vocational Nursing & Psychiatric Technicians ³ | 73.4 | 1,208,000 | 694,000 | 584,000 | - | 38,000 | 34,000 | 100,000 | 32,000 | 9,000 | - | - | 38,000 | - | 2,954,000 | 5,691,000 | 32% |
| Arbitration Certification Program | 8.0 | 132,000 | 75,000 | - | - | 4,000 | 3,000 | 5,000 | 2,000 | 1,000 | - | - | 4,000 | - | - | 226,000 | 16% |
| Private Security Services ⁴ | 72.4 | 1,207,000 | 1,176,000 | 2,544,000 | - | 38,000 | 33,000 | 799,000 | 66,000 | 9,000 | - | - | 37,000 | - | 107,000 | 6,016,000 | 36% |
| Private Postsecondary | 108.0 | 1,750,000 | 1,151,000 | - | 127,000 | 55,000 | 49,000 | 72,000 | 96,000 | 13,000 | - | - | 56,000 | - | 8,000 | 3,377,000 | 17% |
| Electronic/ Appliance Repair | 20.0 | 328,000 | 225,000 | - | - | 10,000 | 9,000 | 14,000 | 12,000 | 2,000 | - | - | 10,000 | - | - | 610,000 | 20% |
| Household Furnishings | 30.9 | 501,000 | 338,000 | - | - | 15,000 | 13,000 | 22,000 | 13,000 | 4,000 | - | - | 15,000 | - | - | 921,000 | 17% |
| Home Movers | 11.0 | 184,000 | 109,000 | - | - | 5,000 | 5,000 | 7,000 | 2,000 | 1,000 | - | - | 5,000 | - | - | 318,000 | 11% |
| Automotive Repair (VIRF) | 543.8 | 8,996,000 | 5,238,000 | - | - | 301,000 | 265,000 | 776,000 | 144,000 | 82,000 | - | - | 297,000 | - | - | 16,099,000 | 13% |
| Automotive Repair (HPRRA) | 57.6 | 936,000 | 546,000 | - | - | 29,000 | 26,000 | 38,000 | 11,000 | 7,000 | - | - | 30,000 | - | - | 1,623,000 | 18% |
| Automotive Repair (EFM) | 9.0 | 147,000 | 84,000 | - | - | 4,000 | 4,000 | 6,000 | 2,000 | 1,000 | - | - | 4,000 | - | - | 252,000 | 26% |
| Cemetery & Funeral | 25.0 | 414,000 | 264,000 | - | - | 12,000 | 11,000 | 19,000 | 7,000 | 3,000 | - | - | 12,000 | - | - | 742,000 | 15% |
| Bureau of Real Estate Appraisers | 30.8 | 503,000 | 66,000 | - | - | 15,000 | 13,000 | 21,000 | 8,000 | 4,000 | - | - | 15,000 | - | - | 645,000 | 11% |
| Professional Fiduciaries Bureau | 3.0 | 50,000 | 34,000 | - | - | 1,000 | 1,000 | 10,000 | 16,000 | - | - | - | 1,000 | - | - | 113,000 | 19% |
| Bureau of Cannabis Control | 267.0 | 1,572,000 | 1,037,000 | - | - | - | - | - | - | - | - | - | - | - | - | 2,609,000 | 4% |
| TOTAL, 1111 | 2,952.5 | 45,029,000 | 23,318,000 | 11,481,000 | 506,000 | 1,374,000 | 1,209,000 | 3,830,000 | 994,000 | 344,000 | - | - | 1,351,000 | 24,415,000 | 13,516,000 | 127,367,000 | 19% |

¹ The Board of Barbering and Cosmetology has a large licensee population and therefore their share of the costs for the BreEZe licensing and enforcement database appear higher. The Department also receives a significant amount of calls 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 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

⁴ The Bureau of Security and Investigative Services has a large licensee population that contributes to larger shares of BreEZe and CIC costs, similar to the Board of Barbering and Cosmetology