



Executive Office

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June 13, 2023

The Honorable Richard D. Roth, Chair
Senate Business, Professions, and Economic Development Committee
1021 O Street, Room 3320
Sacramento, CA 95814

The Honorable Marc Berman, Chair
Assembly Business and Professions Committee
1020 N Street, Room 379
Sacramento, CA 95814

Re: Annual Department of Consumer Affairs Distributed Costs Report

Dear Senator Roth and Assembly Member Berman:

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 on 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 for the upcoming 2023-24 fiscal year.

The Department charges pro rata to recover its costs for centralized administrative services provided to the boards and bureaus. The Department's 36 boards and bureaus are supported by a staff of legal, technical, and administrative professionals at the Department. These professionals provide legal, human resources, information technology, communications, investigations, professional examinations, training, strategic planning, fiscal management, and other integral support services. All the work the Department performs is to support the boards and bureaus. Most 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 five boards and one bureau 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.

- 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 account for over 80 percent of the costs this board pays the Department.

- Physical Therapy Board, Board of Psychology, Board of Registered Nursing: These boards have a large workload with the Department's Division of Investigation and the costs of conducting investigations account for over half of the costs these boards pay the Department.
- Board of Naturopathic Medicine: This board has a significant enforcement case that resulted in an increase to the board's costs to support the Department's Division of Investigation.
- Bureau of Security and Investigative Services: This bureau has a large licensee population (over 400,000) that contributes to larger shares of BreZE and Consumer Information Center costs.

Should you have any questions regarding this report, please contact Jennifer Simoes, Deputy Director for Legislative Affairs, at (916) 531-1096 or Jennifer.Simoes@dca.ca.gov.

Sincerely,



Kimberly Kirchmeyer
Director

cc:

The Honorable Stephen Padilla, Chair, Senate Budget Subcommittee No. 4
The Honorable Wendy Carrillo, Chair, Assembly Budget Subcommittee No. 4
Lourdes Castro Ramírez, Secretary, Business, Consumer Services and Housing Agency
Emma Jungwirth, Assistant Program Budget Manager, Department of Finance
Jared Sippel, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
Department of Consumer Affairs Executive Officers and Bureau Chiefs

Attachments:

Distributed Cost Methodology for Fiscal Year 2023-24
2023-24 Department of Consumer Affairs Distributed Costs Spreadsheet

**DEPARTMENT OF CONSUMER AFFAIRS
DISTRIBUTED COST METHODOLOGY FOR FISCAL YEAR 2023-24**

This document provides a general overview of the various allocation methodologies the Department uses to distribute centralized expenses to its Boards and Bureaus along with descriptions and examples of the calculations used for each methodology.

CONSUMER AND CLIENT SERVICES DIVISION (CCSD)

1. ADMINISTRATIVE & INFORMATION SERVICES DIVISION (AISD):

- *AISD LESS OFFICE OF INFORMATION SERVICES* (consists of the Executive Office, Equal Employment Opportunity Office, Internal Audits, Legal Affairs, Legislative Affairs, SOLID Training & Planning Solutions, Information Security, Organizational Improvement Office and the Office of Administrative Services [which consists of Fiscal Operations, Business Services Office, and Office of Human Resources]): Costs distributed to all boards/bureaus/programs based on authorized position count.
- *OFFICE OF INFORMATION SERVICES (OIS)*: Costs distributed based on service center usage. Cost centers include Applicant Tracking System (ATS) and Consumer Affairs System (CAS), BreEze, CONNECT, telecom, PC support, local area network and wide area network (LAN/WAN), and web services among others.
- *OFFICE OF PROFESSIONAL EXAMINATION SERVICES (OPES)*: Most Services are direct costs based on individual intra-agency agreements with boards/bureaus/programs. Approximately 25 percent of OPES budget is distributed based on authorized position count to boards/bureaus/programs required to report pursuant to [Business and Professions Code section 139](#).

2. COMMUNICATIONS DIVISION:

- *PUBLIC AFFAIRS*: Costs distributed based on authorized position count.
- *PUBLICATIONS, DESIGN AND EDITING*: Costs distributed based on authorized position count.
- *DIGITAL PRINT SERVICES*: Staffing costs distributed based on authorized position count. Costs of printing and materials are direct costs based on individual service request.
- *CONSUMER INFORMATION CENTER (CIC)*: Costs distributed based on client's past year workload. Non-jurisdictional correspondence and call costs are distributed to all boards/bureaus/programs based on authorized position count.

DIVISION OF INVESTIGATION (DOI)

- *SPECIAL OPERATIONS UNIT*: Costs distributed 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*: Costs distributed based on a two-year roll-forward methodology. This methodology uses a client's actual workload/costs from the prior year to build the client's budget in budget year, estimated to cover the client's budget year workload. This amount is modified with any credit or debit resulting from the client's prior year actual costs compared to their budgeted costs.

**DEPARTMENT OF CONSUMER AFFAIRS
DISTRIBUTED COST CALCULATIONS FOR FISCAL YEAR 2023-24**

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. (Example: Consumer Information Center)

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

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)

TWO-YEAR ROLL-FORWARD

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. Uses the ratio of past year workload to create a budget year estimate and modifies that amount with a true-up based on actual costs compared to the budget year estimate from two years ago. (Example: Investigation and Enforcement Unit)

$$\text{Budget Year Estimate (\%)} = \frac{\text{Program Specific Widget}}{\text{Total of All Programs Widgets}}$$

Past Year Actual	-	Past Year Estimate	=	Roll-Forward (Credit/Debit)	+	Budget Year Estimate	=	Allocated Cost
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Example:

$$\text{Program A Budget Year Estimate} = 20\% = \frac{8,000 \text{ Case Hours (Program A)}}{40,000 \text{ Case Hours (All Programs)}}$$

\$1,000,000	-	\$800,000	=	\$200,000 (Debit)	+	\$1,000,000	=	\$1,200,000
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2023-24 Department of Consumer Affairs Distributed Costs
2023-24 Governor's Budget

Board / Bureau Name	2023-24 Authorized Positions	Consumer and Client Services Division						Division of Investigation				TOTAL	Percent of Budget
		Administrative & Information Services Division				Communications Division		Special Operations Unit	Health Quality Investigation Unit	Investigation & Enforcement Unit			
		AISD Less OIS	OIS (less BreEZe)	OIS (BreEZe)	OIS (Biz Mod)	Public Affairs	Publications Design & Editing				Consumer Information Center		
Accountancy	103.8	1,966,000	655,000	-	-	53,000	75,000	444,000	59,000	-	-	3,252,000	17%
Board of Architectural Examiners	25.9	491,000	329,000	-	-	196,000	13,000	18,000	17,000	14,000	36,000	1,114,000	22%
Landscape Arch Committee	6.5	122,000	73,000	-	-	48,000	3,000	4,000	5,000	3,000	-	258,000	20%
Athletic Commission	10.2	195,000	108,000	-	-	4,000	7,000	6,000	5,000	-	10,000	335,000	17%
Boxer's Pension	0.5	8,000	10,000	-	-	-	-	-	-	-	-	18,000	14%
Board of Behavioral Sciences	65.5	1,241,000	781,000	350,000	-	32,000	47,000	269,000	37,000	-	25,000	2,782,000	20%
Chiropractic Examiners	19.4	369,000	272,000	-	-	123,000	9,000	13,000	13,000	11,000	251,000	1,061,000	20%
Barbering & Cosmetology	96.2	1,823,000	1,279,000	1,870,000	-	50,000	69,000	773,000	55,000	-	272,000	6,191,000	29%
Contractors State License Bd	427.6	6,523,000	1,486,000	-	-	177,000	246,000	237,000	195,000	-	-	8,864,000	11%
Dental Board of CA	88.8	1,683,000	1,076,000	300,000	-	45,000	64,000	65,000	52,000	-	-	3,285,000	16%
Dental Hygiene Board	15.0	288,000	168,000	67,000	-	7,000	10,000	11,000	8,000	-	-	559,000	19%
Medical Board of California ¹	189.7	3,602,000	1,198,000	602,000	-	95,000	137,000	129,000	106,000	27,104,000	-	32,973,000	41%
Acupuncture Board	12.0	226,000	297,000	-	-	123,000	5,000	8,000	8,000	7,000	149,000	823,000	21%
Physical Therapy Board ²	29.4	557,000	177,000	123,000	-	14,000	20,000	19,000	15,000	-	1,278,000	2,203,000	30%
Physician Assistant Board	11.0	210,000	122,000	49,000	-	5,000	7,000	7,000	5,000	-	-	405,000	13%
Board of Podiatric Medicine	5.2	97,000	58,000	9,000	-	3,000	3,000	4,000	3,000	-	-	177,000	11%
Board of Psychology ³	27.3	520,000	311,000	74,000	-	13,000	19,000	19,000	14,000	-	1,483,000	2,453,000	30%
Respiratory Care Board	17.4	330,000	186,000	71,000	-	8,000	11,000	11,000	10,000	-	-	627,000	15%
Speech-Language P.A./Hearing Aid	14.6	274,000	189,000	-	-	7,000	10,000	11,000	8,000	-	-	499,000	18%
Occupational Therapy	17.7	338,000	204,000	64,000	-	9,000	11,000	13,000	10,000	-	77,000	726,000	22%
Board of Optometry	19.9	387,000	236,000	54,000	-	10,000	14,000	14,000	11,000	-	-	726,000	18%
Osteopathic Medical Board	13.9	264,000	162,000	37,000	-	6,000	10,000	9,000	8,000	-	-	496,000	15%
Board of Naturopathic Medicine ⁴	3.0	56,000	24,000	3,000	-	2,000	2,000	2,000	1,000	-	157,000	247,000	33%
Board of Pharmacy	130.6	2,484,000	1,456,000	-	-	66,000	96,000	90,000	73,000	-	-	4,265,000	13%
Board of Pharmacy - Sharps	2.0	-	-	-	-	-	-	-	-	-	-	-	0%
Board for Prof. Engineers, Land Surveyors & Geologists	47.2	895,000	660,000	-	-	122,000	23,000	33,000	31,000	27,000	210,000	2,001,000	15%
Board of Registered Nursing ⁵	229.8	4,354,000	2,412,000	2,005,000	-	122,000	167,000	328,000	132,000	-	9,631,000	19,151,000	30%
Court Reporters Board	4.5	85,000	66,000	-	-	2,000	3,000	3,000	2,000	-	-	161,000	13%
Structural Pest Support	30.9	584,000	402,000	-	-	244,000	15,000	22,000	21,000	-	-	1,305,000	18%
Veterinary Medical Board	33.3	636,000	372,000	103,000	-	17,000	23,000	30,000	18,000	-	70,000	1,269,000	17%
Vocational Nursing & Psychiatric Technicians	76.4	1,452,000	791,000	403,000	-	38,000	56,000	62,000	44,000	-	1,208,000	4,054,000	22%
Arbitration Certification Program	8.0	145,000	86,000	-	-	4,000	5,000	6,000	4,000	-	-	250,000	16%
Private Security Services ⁶	77.9	1,473,000	1,081,000	1,760,000	-	39,000	56,000	1,097,000	44,000	-	-	5,550,000	30%
Private Postsecondary	111.0	2,045,000	1,331,000	-	-	122,000	57,000	80,000	75,000	64,000	-	3,774,000	18%
Electronic/ Appliance Repair	23.0	425,000	284,000	-	-	73,000	11,000	16,000	23,000	12,000	-	844,000	21%
Household Furnishings	30.9	567,000	371,000	-	-	24,000	15,000	22,000	22,000	17,000	-	1,038,000	17%
Home Movers	15.0	281,000	177,000	-	-	147,000	7,000	10,000	9,000	8,000	-	639,000	18%
Automotive Repair (VIRF)	543.8	10,309,000	5,905,000	-	-	283,000	400,000	885,000	313,000	-	-	18,095,000	14%
Automotive Repair (HPRRA)	57.6	1,060,000	619,000	-	-	28,000	42,000	39,000	32,000	-	-	1,820,000	18%
Automotive Repair (EFM)	9.0	166,000	96,000	-	-	4,000	6,000	5,000	4,000	-	-	281,000	26%
Cemetery & Funeral	28.5	542,000	344,000	-	-	244,000	13,000	20,000	23,000	15,000	-	1,201,000	18%
Bureau of Real Estate Appraisers	28.8	542,000	155,000	-	-	17,000	26,000	21,000	17,000	-	-	778,000	12%
Professional Fiduciaries Bureau	4.5	87,000	58,000	-	-	2,000	3,000	21,000	2,000	-	-	173,000	16%
TOTAL, 1111	2,713.2	49,702,000	26,067,000	7,944,000	1,466,000	1,333,000	1,891,000	4,877,000	1,482,000	27,104,000	14,857,000	136,723,000	21%
Distributed Cost TOTAL	2,713.2	49,702,000	26,067,000	7,944,000	1,466,000	1,333,000	1,891,000	4,877,000	1,482,000	27,104,000	14,857,000	136,723,000	21%
Reimbursements		305,000	90,000	-	-	56,000	-	-	-	-	-	451,000	-
Direct Distributed (Ofc of Professional Examination Services)		1,593,000	-	-	-	-	-	-	-	-	-	1,593,000	-
Total Budget		51,600,000	26,157,000	7,944,000	1,466,000	1,389,000	1,891,000	4,877,000	1,482,000	27,104,000	14,857,000	138,767,000	21%

¹ 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 account for over 80% of the cost the board pays the Department

² The Physical Therapy Board has a high number of cases referred to the Department's Division of Investigation and the costs of conducting those investigations account for over half of the costs this board pays the Department

³ The Board of Psychology has a high number of cases referred to the Department's Division of Investigation and the costs of conducting those investigations account for over half of the costs this board pays the Department

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

⁵ The Board of Registered Nursing has a high number of cases referred to the Department's Division of Investigation and the costs of conducting those investigations account for over half of the costs this board pays the Department

⁶ The Bureau of Security and Investigative Services has a large licensee population that contributes to larger shares of BreEZe and Consumer Information Center costs