



June 29, 2018

The Honorable Jerry Hill, 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 Hill 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, 2018.

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 it does 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 size of the board or bureau. All savings achieved by the Department are returned to board and bureau funds at year-end.

In an effort to improve services and identify efficiencies, the Department has convened a pro rata workgroup where boards and bureaus can raise any concerns, ask questions, and suggest changes to current practices. Additionally, the Budget Act of 2018 includes funding and positions to conduct Organizational Change Management review of the Department's centralized services.

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 those costs in order of occurrence on the spreadsheet.

- Board of Barbering and Cosmetology: This board has a large licensee population 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.
- 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: Similar to 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 Legislation, at (916) 574-7800 or [Dennis.Cuevas-Romero@dca.ca.gov](mailto:Dennis.Cuevas-Romero@dca.ca.gov).

Sincerely,



Dean R. Grafilo  
Director

cc: Camille Wagner, Legislative Secretary, Governor's Office  
Melinda Grant, Deputy Legislative Secretary, Governor's Office  
Alexis Podesta, Secretary, Business, Consumer Services, and Housing Agency  
Shannon McKinley, Deputy Secretary of Legislation, Business, Consumer Services, and Housing Agency  
Clint Kellum, Assistant Program Budget Manager, Department of Finance  
Tiffany Garcia, Principal Program Budget Analyst, 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  
Executive Officers of Department's Boards, Committees, and Commission  
Chiefs of Department's Bureaus

Attachments:

Distributed Cost Methodology for Fiscal Year 2018-19  
2018-19 Department of Consumer Affairs Distributed Costs Spreadsheet

**DEPARTMENT OF CONSUMER AFFAIRS  
DISTRIBUTED COST METHODOLOGY FOR FISCAL YEAR 2018-19**

**CONSUMER AND CLIENT SERVICES DIVISION (CCSD)**

**1. ADMINISTRATIVE & INFORMATION SERVICES DIVISION (AISD):**

- A. *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.
- B. *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.
- C. *OFFICE OF INFORMATION SERVICES (OIS)*: Distributed costs based on service center usage. Cost centers include ATS/CAS, BreEZe, telecom, PC support, LAN/WAN, and web services among others.

**2. COMMUNICATIONS DIVISION:**

- A. *PUBLIC AFFAIRS*: Distributed costs based on authorized position count.
- B. *PUBLICATIONS, DESIGN AND EDITING*: Distributed costs based on authorized position count.
- C. *DIGITAL PRINT SERVICES*: Direct costs based on individual service request.

**3. DIVISION OF PROGRAM AND POLICY REVIEW:**

- A. *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.
- B. *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.
- C. *POLICY REVIEW (PRP)*: Distributed costs based on authorized position count.

**DIVISION OF INVESTIGATION (DOI)**

- A. *SPECIAL OPERATIONS UNIT*: Distributed costs based on authorized position count.
- B. *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.
- C. *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.
- D. *CANNABIS ENFORCEMENT UNIT (CEU)*: Costs distributed fully to the Bureau of Cannabis Control.

2018-19 Department of Consumer Affairs Distributed Costs  
Budget Act of 2018

Attachment B

| Board / Bureau Name                                       | 2018-19<br>Authorized<br>Positions | Consumer and Client Services Division          |                      |                   |                   |                         |                                     |                                     |                |                |                  | Division of Investigation  |   |  |                                 | TOTAL      | % of Budget |
|---|------------------------------------|--|----------------------|-------------------|-------------------|-------------------------|-------------------------------------|-------------------------------------|----------------|----------------|------------------|----------------------------|---|--|---------------------------------|------------|-------------|
|   |                                    | Administrative & Information Services Division |                      |                   |                   | Communications Division |                                     | Division of Program & Policy Review |                |                |                  | Special<br>Operations Unit | Health Quality<br>Investigation<br>Unit | Investigation &<br>Enforcement<br>Unit | Cannabis<br>Enforcement<br>Unit |            |             |
|   |                                    | AISD Less OIS                                  | OIS<br>(less BreEZe) | OIS<br>(BreEZe)   | OIS<br>(Cannabis) | Public Affairs          | Publications<br>Design<br>& Editing | Consumer<br>Information<br>Center   | Correspondence | Policy Review  |                  |                            |   |  |                                 |            |             |
| Accountancy   | 89.8                               | 1,343,000                                      | 265,000              | -                 | -                 | 47,000                  | 41,000                              | 44,000                              | 25,000         | 11,000         | 41,000           | -                          | 111,000                                 | -                                      | -                               | 1,928,000  | 14%         |
| Board of Architectural Examiners                          | 24.9                               | 371,000  | 312,000              | -                 | -                 | 13,000                  | 11,000                              | 12,000                              | 8,000          | 3,000          | 10,000           | -                          | -                                       | -                                      | 740,000                         | 19%        |             |
| Landscape Arch Committee                                  | 5.5                                | 82,000   | 68,000               | -                 | -                 | 2,000                   | 2,000                               | 2,000                               | 2,000          | 1,000          | 2,000            | -                          | 3,000                                   | -                                      | 164,000                         | 16%        |             |
| Athletic Commission                                       | 10.2                               | 153,000  | 109,000              | -                 | -                 | 6,000                   | 5,000                               | 5,000                               | 4,000          | 1,000          | 5,000            | -                          | 2,000                                   | -                                      | 290,000                         | 17%        |             |
| Boxer's Pension   | 0.5                                | 8,000  | 5,000                | -                 | -                 | -                       | -                                   | -                                   | -              | -              | -                | -                          | -                                       | -                                      | 13,000                          | 12%        |             |
| Board of Behavioral Sciences                              | 60.0                               | 896,000  | 684,000              | 813,000           | -                 | 32,000                  | 28,000                              | 38,000                              | 19,000         | 7,000          | 26,000           | -                          | 417,000                                 | -                                      | 2,960,000                       | 26%        |             |
| Chiropractic Examiners                                    | 19.4                               | 289,000  | 229,000              | -                 | -                 | 9,000                   | 8,000                               | 9,000                               | 7,000          | 2,000          | 8,000            | -                          | 194,000                                 | -                                      | 755,000                         | 18%        |             |
| Barbering & Cosmetology <sup>1</sup>                      | 92.2                               | 1,381,000                                      | 1,548,000            | 4,256,000         | -                 | 50,000                  | 43,000                              | 740,000                             | 40,000         | 11,000         | 41,000           | -                          | 255,000                                 | -                                      | 8,365,000                       | 38%        |             |
| Contractors State License Bd                              | 409.6                              | 4,878,000                                      | 937,000              | -                 | -                 | 190,000                 | 169,000                             | 139,000                             | 99,000         | 52,000         | 166,000          | -                          | 19,000                                  | -                                      | 6,646,000                       | 10%        |             |
| Dental Board of CA  | 68.0                               | 1,018,000                                      | 589,000              | 470,000           | -                 | 36,000                  | 33,000                              | 42,000                              | 23,000         | 8,000          | 29,000           | -                          | 6,000                                   | -                                      | 2,254,000                       | 16%        |             |
| Dental Assistants Program                                 | 11.1                               | 167,000  | 162,000              | 356,000           | -                 | 6,000                   | 5,000                               | 5,000                               | 2,000          | 1,000          | 5,000            | -                          | -                                       | -                                      | 709,000                         | 28%        |             |
| Dental Hygiene Committee                                  | 10.2                               | 153,000  | 131,000              | 162,000           | -                 | 6,000                   | 5,000                               | 7,000                               | 2,000          | 1,000          | 5,000            | -                          | -                                       | -                                      | 472,000                         | 23%        |             |
| Medical Board of California <sup>2</sup>                  | 173.9                              | 2,599,000                                      | 646,000              | 1,359,000         | -                 | 93,000                  | 82,000                              | 92,000                              | 52,000         | 23,000         | 77,000           | 19,746,000                 | 37,000                                  | -                                      | 24,806,000                      | 38%        |             |
| Acupuncture Board   | 12.0                               | 179,000  | 147,000              | -                 | -                 | 6,000                   | 6,000                               | 74,000                              | 3,000          | 1,000          | 5,000            | -                          | 269,000                                 | -                                      | 690,000                         | 21%        |             |
| Physical Therapy Board                                    | 21.4                               | 319,000  | 296,000              | 263,000           | -                 | 11,000                  | 9,000                               | 12,000                              | 5,000          | 2,000          | 9,000            | -                          | 302,000                                 | -                                      | 1,230,000                       | 26%        |             |
| Physician Assistant Board                                 | 4.5                                | 67,000   | 35,000               | 77,000            | -                 | 2,000                   | 2,000                               | 2,000                               | 1,000          | -              | 2,000            | -                          | -                                       | -                                      | 188,000                         | 10%        |             |
| Board of Podiatric Medicine                               | 5.2                                | 78,000   | 73,000               | 23,000            | -                 | 2,000                   | 2,000                               | 2,000                               | 1,000          | 1,000          | 2,000            | -                          | -                                       | -                                      | 184,000                         | 12%        |             |
| Board of Psychology                                       | 23.3                               | 348,000  | 300,000              | 206,000           | -                 | 12,000                  | 11,000                              | 13,000                              | 6,000          | 2,000          | 10,000           | -                          | 508,000                                 | -                                      | 908,000                         | 17%        |             |
| Respiratory Care Board                                    | 17.4                               | 262,000  | 210,000              | 181,000           | -                 | 8,000                   | 8,000                               | 9,000                               | 4,000          | 2,000          | 7,000            | -                          | 691,000                                 | -                                      | 908,000                         | 18%        |             |
| Speech-Language P.A./ Hearing Aid                         | 11.6                               | 172,000  | 181,000              | -                 | -                 | 6,000                   | 5,000                               | 5,000                               | 3,000          | 1,000          | 5,000            | -                          | 195,000                                 | -                                      | 573,000                         | 25%        |             |
| Occupational Therapy                                      | 15.2                               | 226,000  | 162,000              | 111,000           | -                 | 8,000                   | 7,000                               | 9,000                               | 4,000          | 2,000          | 7,000            | -                          | 536,000                                 | -                                      | 536,000                         | 23%        |             |
| Board of Optometry  | 10.4                               | 155,000  | 166,000              | 114,000           | -                 | 6,000                   | 5,000                               | 12,000                              | 2,000          | 1,000          | 5,000            | -                          | 21,000                                  | -                                      | 487,000                         | 24%        |             |
| Registered Dispensing Opticians                           | 2.0                                | 29,000   | 9,000                | 41,000            | -                 | 1,000                   | 1,000                               | 1,000                               | -              | -              | 1,000            | -                          | 16,000                                  | -                                      | 99,000                          | 24%        |             |
| Osteopathic Medical Board                                 | 11.4                               | 171,000  | 147,000              | 68,000            | -                 | 6,000                   | 5,000                               | 6,000                               | 3,000          | 1,000          | 5,000            | -                          | 412,000                                 | -                                      | 412,000                         | 16%        |             |
| Naturopathic Medicine <sup>3</sup>                        | 2.0                                | 30,000   | 14,000               | 3,000             | -                 | 1,000                   | 1,000                               | 1,000                               | -              | -              | 1,000            | -                          | 94,000                                  | -                                      | 145,000                         | 35%        |             |
| Board of Pharmacy   | 111.1                              | 1,620,000                                      | 1,018,000            | -                 | -                 | 58,000                  | 51,000                              | 54,000                              | 30,000         | 14,000         | 49,000           | -                          | 2,894,000                               | -                                      | 2,894,000                       | 11%        |             |
| Board for Prof. Engineers, Land Surveyors<br>& Geologists | 65.7                               | 983,000  | 802,000              | -                 | -                 | 35,000                  | 32,000                              | 31,000                              | 19,000         | 8,000          | 28,000           | -                          | 326,000                                 | -                                      | 2,264,000                       | 19%        |             |
| Board of Registered Nursing <sup>4</sup>                  | 180.8                              | 2,712,000                                      | 1,659,000            | 4,178,000         | -                 | 96,000                  | 86,000                              | 186,000                             | 112,000        | 23,000         | 81,000           | -                          | 4,300,000                               | -                                      | 13,473,000                      | 30%        |             |
| Court Reporters Board                                     | 4.5                                | 67,000   | 71,000               | -                 | -                 | 2,000                   | 2,000                               | 2,000                               | 3,000          | -              | 2,000            | -                          | 149,000                                 | -                                      | 149,000                         | 13%        |             |
| Structural Pest-Support                                   | 29.9                               | 447,000  | 379,000              | -                 | -                 | 15,000                  | 14,000                              | 14,000                              | 8,000          | 3,000          | 13,000           | -                          | 28,000                                  | -                                      | 921,000                         | 18%        |             |
| Veterinary Medical Board                                  | 21.3                               | 318,000  | 256,000              | 221,000           | -                 | 11,000                  | 9,000                               | 13,000                              | 15,000         | 2,000          | 9,000            | -                          | 533,000                                 | -                                      | 1,387,000                       | 28%        |             |
| Vocational Nursing & Psychiatric Technicians <sup>5</sup> | 67.9                               | 667,000  | 666,000              | 906,000           | -                 | 36,000                  | 33,000                              | 59,000                              | 30,000         | 8,000          | 29,000           | -                          | 3,223,000                               | -                                      | 5,857,000                       | 36%        |             |
| Arbitration Certification Program                         | 8.0                                | 117,000  | 82,000               | -                 | -                 | 4,000                   | 3,000                               | 4,000                               | 2,000          | 1,000          | 3,000            | -                          | 216,000                                 | -                                      | 216,000                         | 17%        |             |
| Private Security Services <sup>6</sup>                    | 59.4                               | 886,000  | 1,640,000            | 2,873,000         | -                 | 32,000                  | 27,000                              | 1,127,000                           | 41,000         | 7,000          | 25,000           | -                          | 389,000                                 | -                                      | 7,047,000                       | 44%        |             |
| Private Investigators                                     | 4.5                                | 67,000   | 65,000               | 102,000           | -                 | 2,000                   | 2,000                               | 2,000                               | 1,000          | -              | 2,000            | -                          | 71,000                                  | -                                      | 314,000                         | 26%        |             |
| Private Postsecondary                                     | 109.0                              | 1,352,000                                      | 1,225,000            | -                 | -                 | 56,000                  | 50,000                              | 54,000                              | 85,000         | 13,000         | 48,000           | -                          | 133,000                                 | -                                      | 3,216,000                       | 20%        |             |
| Electronic Appliance Repair                               | 19.0                               | 281,000  | 324,000              | -                 | -                 | 9,000                   | 8,000                               | 12,000                              | 12,000         | 2,000          | 8,000            | -                          | 636,000                                 | -                                      | 636,000                         | 23%        |             |
| Household Furnishings                                     | 28.9                               | 424,000  | 337,000              | -                 | -                 | 15,000                  | 14,000                              | 14,000                              | 7,000          | 3,000          | 13,000           | -                          | 827,000                                 | -                                      | 827,000                         | 17%        |             |
| Home Movers   | 11.0                               | 165,000  | 105,000              | -                 | -                 | 6,000                   | 5,000                               | 5,000                               | 2,000          | 1,000          | 5,000            | -                          | 295,000                                 | -                                      | 295,000                         | 12%        |             |
| Automotive Repair (VIRF)                                  | 526.8                              | 7,892,000                                      | 5,063,000            | -                 | -                 | 280,000                 | 243,000                             | 679,000                             | 154,000        | 79,000         | 246,000          | -                          | 14,638,000                              | -                                      | 14,638,000                      | 13%        |             |
| Automotive Repair (HPRRA)                                 | 54.6                               | 799,000  | 560,000              | -                 | -                 | 29,000                  | 25,000                              | 25,000                              | 13,000         | 7,000          | 23,000           | -                          | 208,000                                 | -                                      | 1,481,000                       | 17%        |             |
| Automotive Repair (EFM)                                   | 9.0                                | 132,000  | 58,000               | -                 | -                 | 5,000                   | 3,000                               | 4,000                               | 2,000          | 1,000          | 3,000            | -                          | 684,000                                 | -                                      | 684,000                         | 15%        |             |
| Cemetery & Funeral  | 23.5                               | 354,000  | 272,000              | -                 | -                 | 12,000                  | 11,000                              | 14,000                              | 8,000          | 3,000          | 10,000           | -                          | 633,000                                 | -                                      | 633,000                         | 19%        |             |
| Bureau of Real Estate Appraisers                          | 33.8                               | 502,000  | 55,000               | -                 | -                 | 16,000                  | 16,000                              | 16,000                              | 9,000          | 5,000          | 14,000           | -                          | 105,000                                 | -                                      | 1,050,000                       | 19%        |             |
| Professional Fiduciaries Bureau                           | 3.0                                | 43,000   | 39,000               | -                 | -                 | 1,000                   | 1,000                               | 10,000                              | 10,000         | -              | 1,000            | -                          | 6,539,000                               | -                                      | 14,904,000                      | 22%        |             |
| Bureau of Cannabis Control <sup>7</sup>                   | 219.0                              | 1,568,000                                      | -                    | 4,730,000         | -                 | 1,000                   | 1,000                               | 45,000                              | 23,000         | -              | -                | -                          | -                                       | -                                      | 4,730,000                       | 22%        |             |
| <b>TOTAL, 1111</b>  | <b>2,699.4</b>                     | <b>37,166,000</b>                              | <b>22,123,000</b>    | <b>16,783,000</b> | <b>4,730,000</b>  | <b>1,280,000</b>        | <b>1,129,000</b>                    | <b>3,651,000</b>                    | <b>901,000</b> | <b>314,000</b> | <b>1,088,000</b> | <b>19,746,000</b>          | <b>10,944,000</b>                       | <b>8,539,000</b>                       | <b>128,394,000</b>              | <b>22%</b> |             |

<sup>1</sup> 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 workload in its Consumer Information Center (CIC) unit directly related to this board.

<sup>2</sup> 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.

<sup>3</sup> The Naturopathic Medicine Committee had a significant enforcement case that resulted in an increase to their costs to support the Department's Division of Investigation.

<sup>4</sup> The Board of Registered Nursing has a large licensee population that contributes to larger shares of BreEZe and CIC costs. Additionally, the board has a high volume of enforcement cases that are conducted by the Department's Division of Investigation.

<sup>5</sup> 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.

<sup>6</sup> 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.

<sup>7</sup> 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.