

fees, the CPI was calculated based on the year in which the fee became effective. To sustain CFB until approximately FY 2028-29, this analysis also includes a proposed increase to the \$8.50 regulatory fee for interment, cremation, or hydrolysis to \$11.50.

- Additionally, CFB contracted with Capital Accounting Partners to conduct a detailed fee study of CFB's current fee schedule (**Attachment 3**). This methodology determined the full cost of each program and identified adequate revenue to ensure continued operations for another three to five years (cost model methodology). Specifically, the appendix beginning on page 14 of Attachment 3 determines the full cost of each application or report as its suggested fee.

Request for New Fee Authority for Annual Financial Reporting Requirement
Annual Endowment Care Fund and Special Care Fund Report (ECF Report)¹

CFB is also requesting new fee authority specific to work performed by the Audit Unit staff in performing the review of the annual ECF Report submitted by licensed cemeteries. The ECF Report is a qualified audit of each licensed cemetery's trust fund; totalling over 2 billion dollars in trusts. The auditors are mandated to perform a review of each ECF Report and accompanied financial statements for compliance with the Cemetery and Funeral Act, including investing according to the Prudent Investor Rule.

Although CFB does not have fee authority for this mandated annual report, CFB does have fee authority for the mandated annual report submitted by funeral establishments, which requires an almost identical review. CFB is requesting the same fee authority and amount for both funeral establishments and cemeteries.

If CFB were to apply full costs to this mandated report, the fee proposed would be around \$5,457 (as shown in Attachment 3 – Appendix). As this is an unreasonable and burdensome amount, once a fee is established, as proposed of \$500 in Attachment 2, the remaining costs will be spread amongst all license types.

If this report remains unfunded, it will continue to contribute to CFB's insolvency. CFB found this report has been required since at least 1957 and has never had a fee associated.

¹ Pursuant to Business and Profession Code [§ 7612.6](#)

Outcomes

The supporting data indicates that CFB has not been collecting sufficient fees to recover its costs fully. The Bureau's fund reserve has been depleting rapidly and will become insolvent by the end of FY 2022-23.

In the review of both methods to determine the appropriate fees, consideration was taken into the length of time of the current fee levels, how business processes and programs change over time with innovation and the implementation of newly mandated programs.

CFB recommends the fee amounts proposed by the CPI-based fee analysis, adding the new ECF fee and delinquent fee, and raise the regulatory fee as shown in Attachment 2. This would maintain CFBs fund solvency through FY 2028-29 (**Attachment 4**).

Outlined below are a few exceptions and clarifications (i.e., applications where a fee should mirror another fee, fees not historically collected, and policy decisions due to industry trends) as identified below:

- The annual ECF Report and funeral preneed report should reflect the same fee amount as the work is similar and performed by the same level audit staff. The CPI methodology was used as a baseline however, when compared to the cost model methodology, CFB is severely under collecting for the high-level in-depth work required to audit these financial reports. CFB is recommending this fee be set higher than the CPI projection, but found it cost prohibitive to require full cost as reflected in Attachment 2.
- CFB was previously two separate boards thus some practically identical applications, currently require different fees dependent upon who is submitting the application (i.e. a funeral establishment, cemetery authority or crematory). These applications are identical and should be set as the same amount as identified in Attachment 2
 - Notifications of Change to Designate or Share a Manger
 - Notification of Change of a Corporate Officer, LLC Member or Trustee
 - Duplicate Licensing Fee
- CFB is recommending maintaining the examination and application fee for the cemetery manager license, as it is already the most expensive personal license, even with the recommended increases of all other personal licenses as reflected in Attachment 2

- CFB has the authority to collect an additional filing fee for business licenses to defray investigation costs, when necessary, during the initial licensure process. This is an extremely rare occurrence; any change would not impact CFB's budget; therefore, it is not included in Attachment 2 but is reflected in the supporting data in Attachment 3
- CFB did not include in Attachment 2 the fees set by the Department of Justice and the Federal Bureau of Investigation for the cost of performing background checks when fingerprints are submitted for initial licensure

Recommendation

CFB is seeking legislative opportunities that will allow it to raise its fees statutorily and to establish fee authority for the ECF Report as identified in Attachment 2, Fee Analysis Using the Consumer Price Index with Proposed Fee Levels.

Attachments

1. Cemetery and Funeral Bureau Fund Condition
2. Fee Analysis Using the Consumer Price Index with Proposed Fee Levels
3. Capital Accounting Partners California Cemetery and Funeral Bureau 2021 Fee Study – Cost Model Methodology
4. Cemetery and Funeral Bureau Fund Condition with Proposed Fee Levels

Cemetery and Funeral Bureau Fund Condition

0717 - Cemetery & Funeral Bureau Analysis of Fund Condition

(Dollars in Thousands)

ATTACHMENT 1

Prepared 7.30.2021

2021 Budget Act

Based on FY 2019-20 Actuals, CY Projections for FY 2020-21 and projected budget adjustments for 2022-23

	Budget Act									
	ACTUAL 2018-19	PY 2019-20	CY 2020-21	BY 2021-22	BY+1 2022-23	BY+2 2023-24	BY+3 2024-25	BY+4 2025-26	BY+5 2026-27	BY+6 2027-28
BEGINNING BALANCE	\$ 2,855	\$ 5,303	\$ 5,068	\$ 5,123	\$ 2,447	\$ -224	\$ -2,678	\$ -4,956	\$ -4,956	\$ -7,312
Prior Year Adjustments	\$ 1,096	\$ -59	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 3,951	\$ 5,244	\$ 5,068	\$ 5,123	\$ 2,447	\$ -224	\$ -2,678	\$ -4,956	\$ -4,956	\$ -7,312
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS										
Revenues:										
4121200 Delinquent fees	\$ 44	\$ 46	\$ 43	\$ 46	\$ 46	\$ 46	\$ 46	\$ 46	\$ 46	\$ 46
4127400 Renewal fees	\$ 1,393	\$ 1,420	\$ 1,852	\$ 1,433	\$ 1,433	\$ 1,433	\$ 1,433	\$ 1,433	\$ 1,433	\$ 1,433
4129200 Other regulatory fees	\$ 2,152	\$ 2,258	\$ 2,387	\$ 2,236	\$ 2,236	\$ 2,236	\$ 2,236	\$ 2,236	\$ 2,236	\$ 2,236
4129400 Other regulatory licenses and permits	\$ 197	\$ 194	\$ 174	\$ 211	\$ 211	\$ 211	\$ 211	\$ 211	\$ 211	\$ 211
4143500 Miscellaneous Services to the Public	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4163000 Investment Income - Surplus Money Investments	\$ 114	\$ 92	\$ 22	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4171400 Escheat- Unclaimed Checks, Warrants, Bonds, and Coupons	\$ 3	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4172500 Miscellaneous Revenue	\$ 1	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4173500 Settlements and Judgments - Other	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 3,904	\$ 4,015	\$ 4,486	\$ 3,963	\$ 3,926	\$ 3,926	\$ 3,926	\$ 3,926	\$ 3,926	\$ 3,926
Transfers from Other Funds										
Transfer from the State Funeral Directors and Embalmers Fund (0750) per Chapter 395, Statutes of 2015	\$ 1,513									
Totals, Revenues and Transfers	\$ 5,417	\$ 4,015	\$ 4,486	\$ 3,963	\$ 3,926	\$ 3,926	\$ 3,926	\$ 3,926	\$ 3,926	\$ 3,926
Total Resources	\$ 9,368	\$ 9,259	\$ 9,554	\$ 9,086	\$ 6,373	\$ 3,702	\$ 1,248	\$ -1,030	\$ -1,030	\$ -3,386
EXPENDITURE AND EXPENDITURE ADJUSTMENTS										
Expenditures:										
1111 Department of Consumer Affairs Regulatory Boards, Bureaus, Divisions (State Operations)	\$ 3,708	\$ 3,723	\$ 4,087	\$ 6,130	\$ 5,315	\$ 5,474	\$ 5,638	\$ 5,808	\$ 5,982	\$ 6,161
Ongoing BIZMOD Cost Estimate					\$ 773	\$ 397	\$ 56	\$ 56	\$ 56	\$ 56
2021-22 - 5% Operational Savings Plan				\$ -36	\$ -36	\$ -36	\$ -36	\$ -36	\$ -36	\$ -36
2021-22 Estimated General Salary Increase (4.55%)				\$ 154	\$ 154	\$ 154	\$ 154	\$ 154	\$ 154	\$ 154
8880 Financial Information System for California (State Operations)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9892 Supplemental Pension Payments (State Operations)	\$ 45	\$ 93	\$ 93	\$ 93	\$ 93	\$ 93	\$ 93	\$ -	\$ -	\$ -
7700 Statewide General Administrative Expenditures (FRO KARY) (State Operations)	\$ 312	\$ 375	\$ 251	\$ 298	\$ 298	\$ 298	\$ 298	\$ 298	\$ 298	\$ 298
Total Expenditures and Expenditure Adjustments	\$ 4,065	\$ 4,191	\$ 4,431	\$ 6,639	\$ 6,597	\$ 6,380	\$ 6,203	\$ 6,283	\$ 6,458	\$ 6,638
FUND BALANCE										
Reserve for economic uncertainties	\$ 5,303	\$ 5,068	\$ 5,123	\$ 2,447	\$ -224	\$ -2,678	\$ -4,956	\$ -7,312	\$ -7,487	\$ -10,024
Months in Reserve	15.2	13.7	9.3	4.5	-0.4	-5.2	-9.5	-13.6	-13.5	-17.6

NOTES:

- A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED FOR BY+1 AND ON-GOING.
- B. ASSUMES APPROPRIATION GROWTH OF 3% PER YEAR IN BY+1 AND ON-GOING..
- C. ASSUMES INTEREST RATE OF 0.5%

Fee Analysis Using the Consumer Price Index with Proposed Fee Levels

Cemetery and Funeral Bureau

Attachment 2

Analysis of Fees - 25 Year CPI Increase Model Includes Cost Model Comparison Plus Interment/Cremation/Hydrolysis Regulatory Fee Increase to \$11.50

Prepared July 30, 2021

						CPI Comparison Year: 1994-95							
						CPI Growth: 85.1%							
						Fee Proposal - CPI Model Methodology		Fee Proposal - Cost Model Methodology					
FEE TYPE	FEE DESCRIPTION	ESTIMATED VOLUME	ESTIMATED REVENUE (CURRENT FEES)	CURRENT FEE	PROPOSED FEE	% GROWTH	ESTIMATED REVENUE	ESTIMATED VOLUME	PROPOSED FEE	% GROWTH	ESTIMATED REVENUE		
Regulatory Fee	Interment Regulatory Fee - Cemetery	61,500	\$522,750	\$8.50	\$11.50	35%	\$ 707,250	63,912	\$5.61	-34%	\$358,654		
	Cremation Regulatory Fee - Crematory	180,000	\$1,530,000	\$8.50	\$11.50	35%	\$ 2,070,000	181,000	\$2.33	-73%	\$421,503		
	Hydrolysis Regulatory Fee	200	\$1,700	\$8.50	\$11.50	35%	\$ 2,300	250	\$0.64	-92%	\$160		
Annual Financial Reporting	ECF/SCF Annual Report - (New Fee Authority)	191	\$0	\$0.00	\$500.00	N/A	\$ 95,500	-	\$0.00	N/A	\$0		
	Delinquent Fee for Filing ECF/SCF Annual Report - (New Fee Authority)	48	\$0	\$0.00	\$250.00	N/A	\$ 12,000	-	\$0.00	N/A	\$0		
	Annual Financial Report of Preeed Trust Accounts	112	\$22,400	\$200.00	\$500.00	150%	\$ 56,000	125	\$4,867.00	2334%	\$608,375		
	Delinquent Fee for Filing Annual Preeed Trust Report	25	\$2,500	\$100.00	\$250.00	150%	\$ 6,250	30	\$0.00	-100%	\$0		
Funeral Establishment FD	Application Fee for Original Funeral Establishment License	35	\$14,000	\$400.00	\$750.00	88%	\$ 26,250	41	\$359.00	-10%	\$14,719		
	Annual Renewal Fee for Funeral Establishment	1,062	\$424,800	\$400.00	\$750.00	88%	\$ 796,500	1,075	\$1,386.00	247%	\$1,489,950		
	Delinquent Renewal Fee for Funeral Establishment	68	\$13,600	\$200.00	\$375.00	88%	\$ 25,500	75	\$0.00	-100%	\$0		
	Assignment of Funeral Establishment License	29	\$8,700	\$300.00	\$560.00	87%	\$ 16,240	40	\$320.00	7%	\$12,800		
	Change of Location of Funeral Establishment	68	\$17,000	\$250.00	\$470.00	88%	\$ 31,960	75	\$350.00	40%	\$26,250		
	Notification of Change (Officers or Trustees)	300	\$15,000	\$50.00	\$50.00	0%	\$ 15,000	275	\$56.00	12%	\$15,400		
	Change of Name of Funeral Establishment	20	\$4,000	\$200.00	\$380.00	90%	\$ 7,600	25	\$56.00	-72%	\$1,400		
Funeral Director FDR	Examination Fee for Funeral Director License	242	\$24,200	\$100.00	\$190.00	90%	\$ 45,980	260	\$109.00	9%	\$28,340		
	Application Fee for Funeral Director License	140	\$28,000	\$200.00	\$380.00	90%	\$ 53,200	170	\$52.00	-74%	\$8,840		
	Annual Renewal Fee for Funeral Director	2,290	\$458,000	\$200.00	\$380.00	90%	\$ 870,200	2,285	\$143.00	-29%	\$326,755		
	Delinquent Renewal Fee for Funeral Director	153	\$15,300	\$100.00	\$190.00	90%	\$ 29,070	160	\$0.00	-100%	\$0		
Embalmer EMB	Application Fee for Embalmer	52	\$7,800	\$150.00	\$280.00	87%	\$ 14,560	72	\$191.00	27%	\$13,752		
	Annual Renewal Fee for Embalmer	1,534	\$153,400	\$100.00	\$190.00	90%	\$ 291,460	1,700	\$143.00	43%	\$243,100		
	Delinquent Renewal Fee for Embalmer	118	\$5,900	\$50.00	\$95.00	90%	\$ 11,210	120	\$0.00	-100%	\$0		
Apprentice Embalmer AE	Application Fee for Apprentice Embalmer	67	\$4,020	\$60.00	\$120.00	100%	\$ 8,040	84	\$48.00	-20%	\$4,032		
	Application Fee for Approval to Train Apprentice Embalmers	122	\$12,200	\$100.00	\$190.00	90%	\$ 23,180	130	\$24.00	-76%	\$3,120		
Certificate of Authority COA	Application Fee for Original Certificate of Authority (Cemetery) License	2	\$800	\$400.00	\$750.00	88%	\$ 1,500	1	\$12,549.00	3037%	\$12,549		
	Annual Renewal Fee for Certificate of Authority (Cemetery)	196	\$78,400	\$400.00	\$750.00	88%	\$ 147,000	198	\$3,460.00	765%	\$685,080		
	Delinquent Renewal Fee for Certificate of Authority (Cemetery)	8	\$1,600	\$200.00	\$375.00	88%	\$ 3,000	10	\$0.00	-100%	\$0		
	Notification of Change: Designated Cemetery Manager	28	\$1,400	\$50.00	\$50.00	0%	\$ 1,400	35	\$71.00	42%	\$2,485		
	Share Designated Cemetery Manager	8	\$400	\$50.00	\$50.00	0%	\$ 400	14	\$76.00	52%	\$1,064		
	Notification of Change (Corporate Officer, LLC Member, or Trustee)	135	\$3,375	\$25.00	\$50.00	100%	\$ 6,750	140	\$76.00	204%	\$10,640		
Crematory CR	Application Fee for Original Crematory License	7	\$2,800	\$400.00	\$750.00	88%	\$ 5,250	10	\$625.00	56%	\$6,250		
	Annual Renewal Fee for Crematory	227	\$90,800	\$400.00	\$750.00	88%	\$ 170,250	235	\$862.00	116%	\$202,570		
	Delinquent Renewal Fee for Crematory	8	\$1,600	\$200.00	\$375.00	88%	\$ 3,000	10	\$0.00	-100%	\$0		
	Notification of Change: Designated Crematory Manager	28	\$1,400	\$50.00	\$50.00	0%	\$ 1,400	-	\$0.00	-100%	\$0		
Cemetery Manager CEM	Cemetery Manager Examination Fee	28	\$22,400	\$800.00	\$800.00	0%	\$ 22,400	38	\$503.00	-37%	\$19,114		
	Cemetery Manager License Fee	21	\$1,680	\$80.00	\$130.00	63%	\$ 2,730	32	\$35.00	-56%	\$1,120		
	Annual Renewal Fee for Cemetery Manager	292	\$23,360	\$80.00	\$150.00	88%	\$ 43,800	305	\$143.00	79%	\$43,615		
	Delinquent Renewal Fee for Cemetery Manager	11	\$440	\$40.00	\$75.00	88%	\$ 825	12	\$0.00	-100%	\$0		

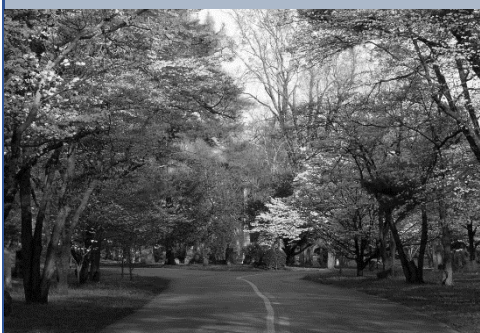
Cemetery and Funeral Bureau
Analysis of Fees - 25 Year CPI Increase Model Including Cost Model Comparison
Plus Interment/Cremation/Hydrolysis Regulatory Fee Increase to \$11.50
 Prepared July 30, 2021

Attachment 2

				CPI Comparison Year: 1994-95		CPI Growth: 85.1%					
FEE TYPE	FEE DESCRIPTION	ESTIMATED VOLUME	ESTIMATED REVENUE (CURRENT FEES)	CURRENT FEE	Fee Proposal - CPI Model Methodology			Fee Proposal - Cost Model Methodology			
					PROPOSED FEE	% GROWTH	ESTIMATED REVENUE	ESTIMATED VOLUME	PROPOSED FEE	% GROWTH	ESTIMATED REVENUE
Crematory Manager CRM	Crematory Manager Examination Fee	41	\$18,450	\$450.00	\$680.00	51%	\$ 27,880	49	\$389.00	-14%	\$19,061
	Crematory Manager License Fee	30	\$2,400	\$80.00	\$130.00	63%	\$ 3,900	40	\$35.00	-56%	\$1,400
	Annual Renewal Fee for Crematory Manager	475	\$38,000	\$80.00	\$150.00	88%	\$ 71,250	518	\$143.00	79%	\$74,074
	Delinquent Renewal Fee for Crematory Manager	35	\$1,400	\$40.00	\$75.00	88%	\$ 2,625	40	\$0.00	-100%	\$0
Cemetery Broker CEB	Examination/License Fee for Cemetery Broker License	26	\$10,400	\$400.00	\$750.00	88%	\$ 19,500	29	\$289.00	-28%	\$8,381
	Re-Examination Fee for Cemetery Broker License	-	\$0	\$100.00	\$190.00	90%	\$ -	3	\$24.00	-76%	\$72
	Annual Renewal Fee for Cemetery Broker	183	\$54,900	\$300.00	\$560.00	87%	\$ 102,480	186	\$143.00	-52%	\$26,598
	Delinquent Renewal Fee for Cemetery Broker	7	\$1,050	\$150.00	\$375.00	150%	\$ 2,625	6	\$0.00	-100%	\$0
	Reinstatement of Cemetery Broker License	-	\$0	\$25.00	\$50.00	100%	\$ -	-	\$0.00	-100%	\$0
Cemetery Broker Additional	Annual Renewal Fee for Cemetery Broker Additional	12	\$1,200	\$100.00	\$190.00	90%	\$ 2,280	14	\$143.00	43%	\$2,002
	Delinquent Renewal Fee for Cemetery Broker Additional	-	\$0	\$50.00	\$95.00	90%	\$ -	1	\$0.00	-100%	\$0
Cemetery Broker Branch CBB	Application Fee for Cemetery Broker Branch Office	10	\$1,000	\$100.00	\$190.00	90%	\$ 1,900	11	\$52.00	-48%	\$572
	Annual Renewal Fee Cemetery Broker Branch Office	58	\$5,800	\$100.00	\$190.00	90%	\$ 11,020	72	\$143.00	43%	\$10,296
	Delinquent Renewal Fee for Cemetery Broker Branch	2	\$100	\$50.00	\$95.00	90%	\$ 190	5	\$0.00	-100%	\$0
Cemetery Salesperson (CES)	Application Fee for Original Cemetery Salesperson License	1,792	\$53,760	\$30.00	\$60.00	100%	\$ 107,520	2,200	\$23.00	-23%	\$50,600
	Annual Renewal Fee for Cemetery Salesperson	3,721	\$93,025	\$25.00	\$50.00	100%	\$ 186,050	3,900	\$143.00	472%	\$557,700
	Delinquent Renewal Fee for Cemetery Salesperson	185	\$4,625	\$25.00	\$25.00	0%	\$ 4,625	90	\$0.00	-100%	\$0
	Transfer of Cemetery Salesperson License	450	\$11,250	\$25.00	\$50.00	100%	\$ 22,500	375	\$23.00	-8%	\$8,625
	Reinstatement of Cemetery Salesperson License	9	\$225	\$25.00	\$50.00	100%	\$ 450	14	\$23.00	-8%	\$322
Cremated Remains Disposer (CRD)	Application Fee for Original Cremated Remains Disposer Registration	24	\$2,400	\$100.00	\$190.00	90%	\$ 4,560	29	\$35.00	-65%	\$1,015
	Annual Renewal Fee for Cremated Remains Disposer	138	\$6,900	\$50.00	\$100.00	100%	\$ 13,800	150	\$494.00	888%	\$74,100
	Delinquent Renewal Fee for Cremated Remains Disposer	16	\$400	\$25.00	\$50.00	100%	\$ 800	20	\$0.00	-100%	\$0
Hydrolysis Facility HF	Application Fee for Original Hydrolysis Facility License	5	\$4,500	\$900.00	\$900.00	0%	\$ 4,500	5	\$716.00	-20%	\$3,580
	Annual Renewal Fee for Hydrolysis Facility License	5	\$4,500	\$900.00	\$900.00	0%	\$ 4,500	-	\$900.00	0%	\$0
	Delinquent Renewal Fee for Hydrolysis Facility License	-	\$0	\$450.00	\$450.00	0%	\$ -	-	\$450.00	0%	\$0
Misc.	Duplicate License Fee (Funeral Licenses)	600	\$24,000	\$40.00	\$50.00	25%	\$ 30,000	600	\$24.00	-40%	\$14,400
	Duplicate License Fee (Cemetery Licenses)	125	\$3,125	\$25.00	\$50.00	100%	\$ 6,250	130	\$23.00	-8%	\$2,990
	Change of Name and/or Address	-	\$0	\$25.00	\$25.00	0%	\$ -	-	\$12.00	-52%	\$0
		257,324	3,859,135				6,256,160				5,417,425
					Increase: 2,397,025			Increase: 1,558,290			



CEMETERY & FUNERAL
B U R E A U



California Cemetery and Funeral Bureau 2021 Fee Study



Capital Accounting Partners, LLC
June 2021

Table of Contents

Introduction and Scope 2

Creating a Sustainable Cemetery and Funeral Bureau..... 2

Summary of Costing Methodologies 3

Driver Based Costing Models 3

Quality Assurance 6

Summary of Findings – Fiscal Year 2020-2021 6

Summary of Data and Assumptions 7

Primary Data Sources..... 7

Assumptions Used in the Costing Model 7

Summary of Results..... 8

Impact of Results - Sustainability 9

Summary of How Costs Are Reported 9

Allocating the Cost of Enforcement and other Indirect Costs 11

Setting Prices for Fees..... 11

Observations and Recommendations..... 12

Creating the culture of sustainability - Recommendations 12

Specific Recommendations 12

Adopt and Implement the Fees Recommended by the Bureau Leadership..... 12

Regular Adjustment of Fees..... 12

Set the CAPs for a Five to Ten Year Forward Projection 13

Appendix –Final Results of Fee Audit..... 14

Introduction and Scope

The Mission of the Cemetery and Funeral Bureau (Bureau) is to advocate for consumer protection and licensee compliance through proactive education and consistent interpretation and application of the laws governing the death care industry. The Bureau's vision is to empower California consumers to make informed end-of-life decisions in a fair and ethical marketplace. As such, it provides an important public safety function. This project aligns with the mission of the Bureau by developing the resources so that this mission can be fully executed. Without adequate financial resources, the Bureau cannot meet this important role of consumer protection.

This report summarizes the processes, procedures, and findings of the Bureau's fee audit. It details the analysis that resulted in cost calculations for the business and personal licenses issued by the Bureau to operate in the death care industry in the State of California.

As part of a plan to maintain its fiscal integrity, the Bureau engaged Capital Accounting Partners to prepare a detailed cost analysis of its fees. The study's objectives were to ensure adequate revenues are in place to meet its consumer protection mandate. The Bureau's only sources of revenue are fees charged for each of the various licenses and reports, and the regulatory charge of \$8.50 per interment or cremation. Thus, the Bureau is entirely self-supporting, so it is vital that the fees charged to licensees fully recover the program's costs.

The scope of this study included the following objectives:

- Calculate the full cost of licenses.
- Determine a fair and equitable method of allocating non-fee expenses, such as enforcement and administration.
- Develop revenue projections for 10 years to set the fee caps.
- Review the core business processes of the Bureau.

Our approach to fee audits requires active participation by the Bureau's management and staff. After the project began, the "shelter in place" mandate for the COVID-19 pandemic required us to use more virtual conferences for our data collection and review. We want to take this opportunity to recognize the involvement, time, and effort by the staff to collect the data and discuss the analysis, results, and recommendations.

Creating a Sustainable Cemetery and Funeral Bureau

The Bureau provides an essential regulatory function in the protection of consumers. From our observation, there are two broad categories of license types:

1. Institutions such as funeral establishments, cemeteries, and crematories.
2. Individual professionals such as funeral directors, embalmers, cemetery managers, crematory managers, and cemetery brokers.

The Bureau is entirely self-funded by the fees it charges licensees. Therefore, this project aligns with the Bureau's mission and vision in two ways:

1. The project ensures the Bureau will have the necessary funding to maintain its mission as a consumer protection agency.
2. The project seeks to assign costs in ways that are:
 - a. Equitable
 - b. Achievable
 - c. Defensible

It has been over 25 years since the Bureau adjusted its fees. In 2016 a similar fee audit was conducted by Capital Accounting Partners. However, implementing the results never occurred. Consequently, by fiscal year 2022-2023, the Bureau will have consumed its reserves. Therefore, timely action is required for the Bureau to maintain its regulatory mission.

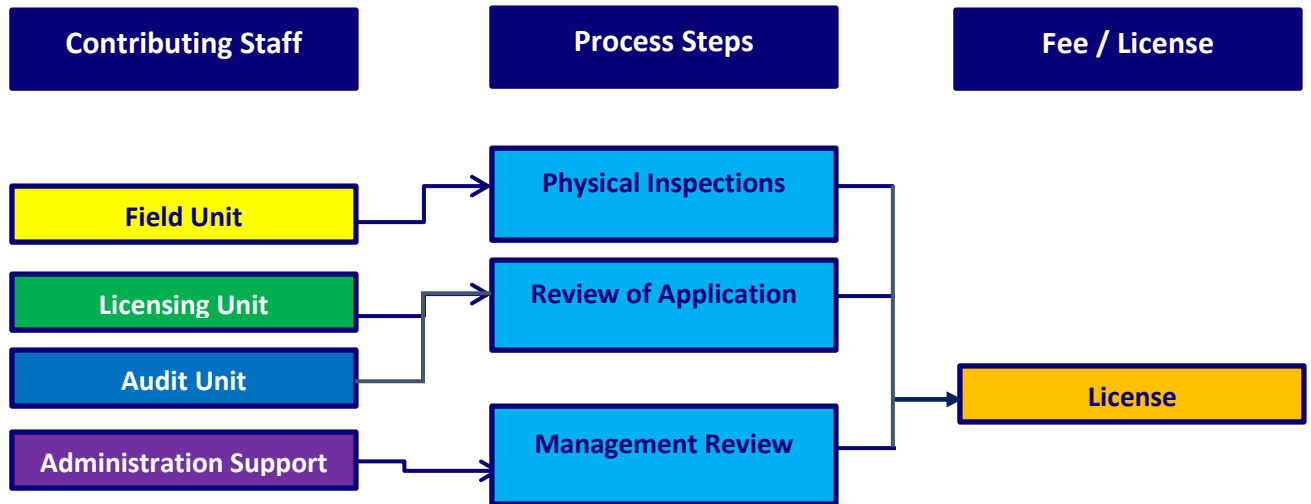
Summary of Costing Methodologies

Driver Based Costing Models

Developing a driver-based costing model is a precise and robust method of calculating a specific service's cost. Based on the principles of activity-based costing, it seeks to understand cost at an operational level. Therefore, we rely extensively on how much time staff spends on each license. However, we must first understand the fundamental business processes required for each license. Then we assign a unit of time to each process activity, allowing us to have a clear picture of the total time needed to process each license type.

Graphically, the following figure illustrates this methodology.

Hypothetical Illustration of a Driver-based Costing Model



Step 1: Collect Data – This first step involves discussions with staff to identify those positions within each unit that provide and support direct services. It also consists of collecting budget and expenditure data, identifying the salary and benefits for each position, and identifying non-personnel expenditures, as well as any program and Bureau overhead. Specifically, this step involves the following:

- **Identifying staff positions** – This includes identifying both position titles and names.
- **Calculating the number of productive hours** – Frequently, we will calculate the actual number of productive hours available annually. However, in this project, we used the Department of Consumer Affairs pre-calculated number of 1,776 hours.
- **Identifying and allocating non-personnel costs** – Costs for materials and supplies are assigned to each position and then added to the salary and benefits.
- **Assigning any other expenses as appropriate** – There are often expenses that are not in the budget but should be included in the analysis. Examples of such costs might consist of amortized capital expenses for vehicles and technology.
- **Identifying core business processes or activities** – This step also involves discussions with staff to understand the operating unit's work at an operational level. Core business processes are identified and then defined by the tasks that are involved. Both direct and indirect processes are identified and included in the analysis.

- **Identifying direct processes and activities** – These are the processes and activities that directly contribute to the processing of an application or license. Evaluation of the license application is the most notable example.
- **Indirect processes and activities** – Are those processes that support but do not directly apply to the processing of a specific license. Customer service and Bureau enforcement and administration are examples of indirect processes.

Step 2: Building cost structures – In this second step, we facilitate workshops with staff to learn how much time is required to process each license. This step has three parts.

- **Gathering time estimates for direct processes** – During our facilitated workshops, we assign an estimated unit of time to each license. The sum of the process steps is the total time required to provide that specific service.
- **Assigning indirect time** – Staff provides an annual estimate of time for those indirect or support processes in which they are involved. These include Bureau administration, customer service, and enforcement.
- **Calculating the cost of service.** The total cost is calculated by summing the total time assigned to each license and multiplying it by the fully loaded hourly rate for each position.
- **Gathering activity or volume data** – A critical element in the analysis is the number of times a given license, certificate, or report is processed annually. This data is essential for three reasons:
 - It allows a calculated projection of current revenue based on current prices. We then compare this with actual revenue. Our quality measures require a reasonable match.
 - It allows for a calculated projection of revenue at full cost. We then compare total revenue at full cost with actual expenditures. Our quality measures require these two numbers to match.
 - It allows us to calculate and compare the total hours consumed within the Bureau with the total available hours. Our quality measures require these to match.

If any of the three calculations do not approximate actual numbers, then time estimates and/or volume data need to be re-evaluated. These are critical quality checks for costing accuracy.

Step 3: Allocating State and Department Pro Rata, enforcement, and other support activities – This third step requires understanding who benefits from these support costs and guides us in determining an allocation measure that is the best fit for cost recovery. These are a significant portion of the total cost for the Bureau.

Step 4: Set cost recovery policy or targets – We recommend that the Bureau set comprehensive cost recovery policies and targets. The Bureau is under no legal requirement that the price of each fee is limited to the actual cost. Therefore, in setting the final price of a fee, we recommend that the Bureau establish policies for fee-setting based on the Bureau's core values.

Step 5: Recommend fees – The Bureau reviewed the results and made recommendations to meet the objectives of full cost recovery and equitable and achievable fees.

Quality Assurance

Assuring the accuracy and quality of results is an essential function of the analysis. Our approach builds on the concept that a quality process ensures a quality outcome. Besides focusing on a quality process, we also incorporate quantitative checks of our results. These quantitative checks include:

Quality Measure	Has the Quality Measure Been Satisfied?
1. Are the total costs coming into the model (the budget) equal to projected revenues at full cost recovery?	Yes
2. Are the total number of staff hours available fully accounted for in the model?	Yes
3. Does the projection of annual revenues in the model reasonably match actual or projected revenues by the Bureau?	Yes

Summary of Findings – Fiscal Year 2020-2021

This project began in early 2020. Work on the project slowed down as the COVID-19 "shelter in place" mandates went into effect. In June of 2020, a decision was made to extend the contract and revise the work to incorporate fiscal year 2020-2021 budget data. Therefore, all data reflects the latest budget documentation.

Summary of Data and Assumptions

Every cost of service study or "fee audit" comes with a set of data and assumptions about the allocation of that data. The following will outline the sources of data and how they are used to calculate the full cost of services.

Primary Data Sources

For this project, there are four primary sources of data that has driven the analysis:

1. **Budgeted expense data** (fiscal year 2020-2021), which includes:
 - a. Salaries and benefit expenditures
 - b. Services and supplies
 - c. Overhead, including both State and Department Pro Rata allocations
 - d. External enforcement costs from the Office of the Attorney General, the Office of Administrative Hearings, and evidence / witness fees.
2. **Time estimates for staff to process each license type**, broken down by core processes or activities. These included activities such as:
 - a. Receive and process applications
 - b. Physical inspections of establishments
3. **Staff participation in support and administrative services**. These include:
 - a. Investigation of complaints
 - b. Travel time for inspections
 - c. Customer service
 - d. Endowment Care Fund and Special Care Fund Report (Annual Report)
 - e. Preneed Funeral Trust Fund Report
4. **Actual revenue and fee activity levels**. These include:
 - a. The actual revenue that specific fees have generated.
 - b. The actual number of times each fee was processed in the most recent fiscal year.

Assumptions Used in the Costing Model

Any project to calculate costs comes with certain assumptions. The following is a list of our basic assumptions in completing the fee audit.

The Bureau will Fully Expend its Budget

We recognize that there are often differences between budgeted expenses and actual expenses. Actual costs can vary based on a variety of factors. These can include 1) differences in spending on services and supplies than projected, 2) differences in labor cost due to staff turnover, and the time required to replace staff. However, we assume that the Bureau will spend 100 percent of its budget. We did not adjust multiyear averages in labor, services, or any of the Pro Rata costs allocated to the Bureau (see Appendix, Report Table, row 88 under "Revenue at Full Cost of Services").

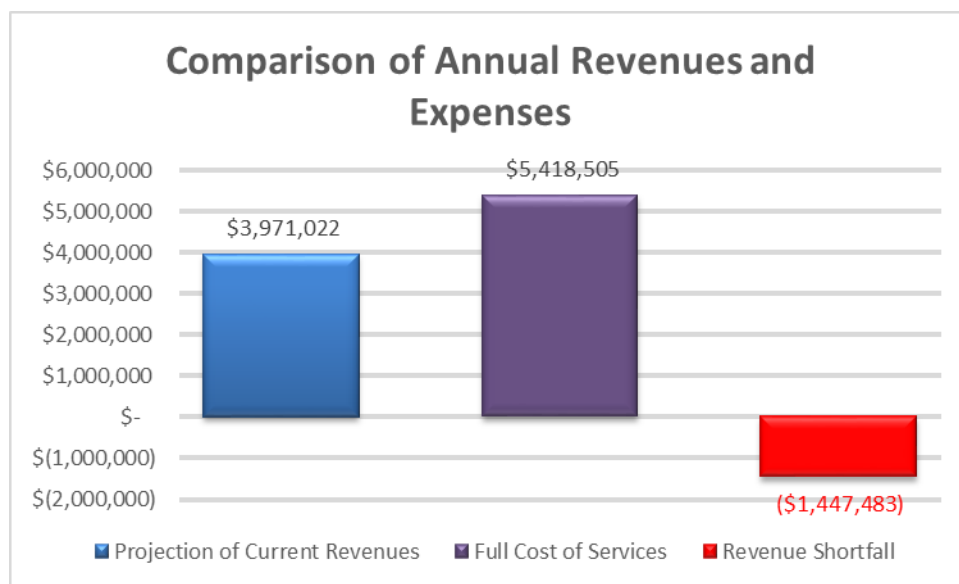
Consistency in Revenue

A significant component of the analysis is dependent upon annual activity data for each fee. Specifically, the number of times each fee is processed yearly. For example, the number of annual renewals that are processed. Our review of prior year revenue and activity data was clear that the data has been consistent year over year. Therefore, we made no adjustments and used the activity data for the most recent fiscal year (see Appendix, Report Table, columns "Actual Work Volume" and "Projection of Revenues at Current Fees").

Summary of Results

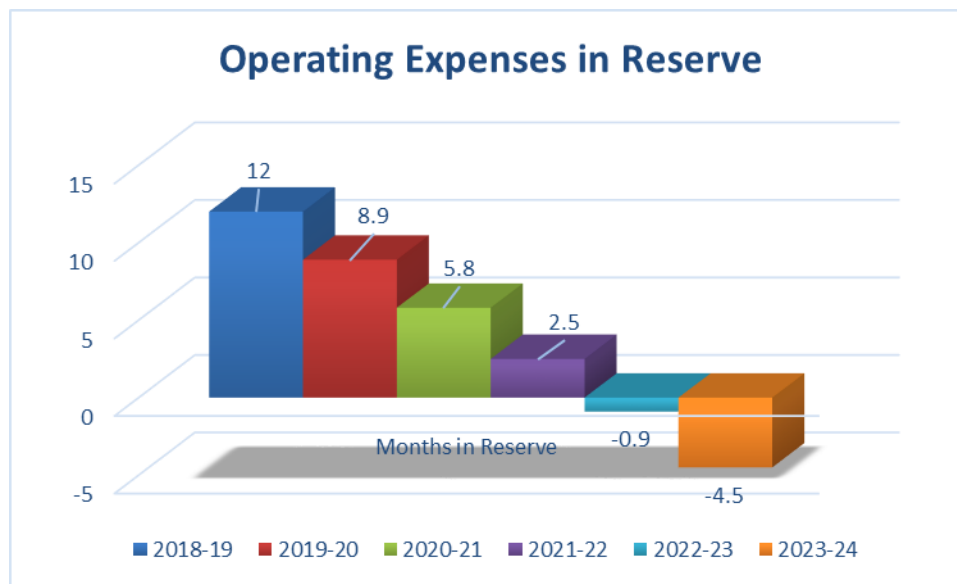
Results of the fee audit demonstrate that the Bureau is not fully recovering its costs by a wide margin. Currently, the level of under-recovery is -\$1,447,483 (see Appendix, Report Table, row 88 under "Annual Surplus (subsidy)").

The following graphic will outline the comparison of the total cost of services against current fee-based revenues.



Impact of Results - Sustainability

Since the Bureau is self-funded through the fees it charges its regulated businesses and individuals, it clearly cannot keep operating with its current fee structure. In our review of the data, the Budget Office supplied us with a Fund Condition Statement. The following graphic will detail the impact of consistent under-recovery of the Bureau's expenses.



This data indicates that the Bureau has not been collecting enough in fees to fully recover its costs. Our understanding is that the Bureau has a target of six months operating expenses to be held in reserve. The current fiscal year should close with a fund balance at or near six months in reserve. However, these fund balances are shrinking rapidly. According to the above graphic, sometime during fiscal year 2022-2023, the Bureau will not be able to fund operations and meet its regulatory mandate of consumer protection.

Summary of How Costs Are Reported

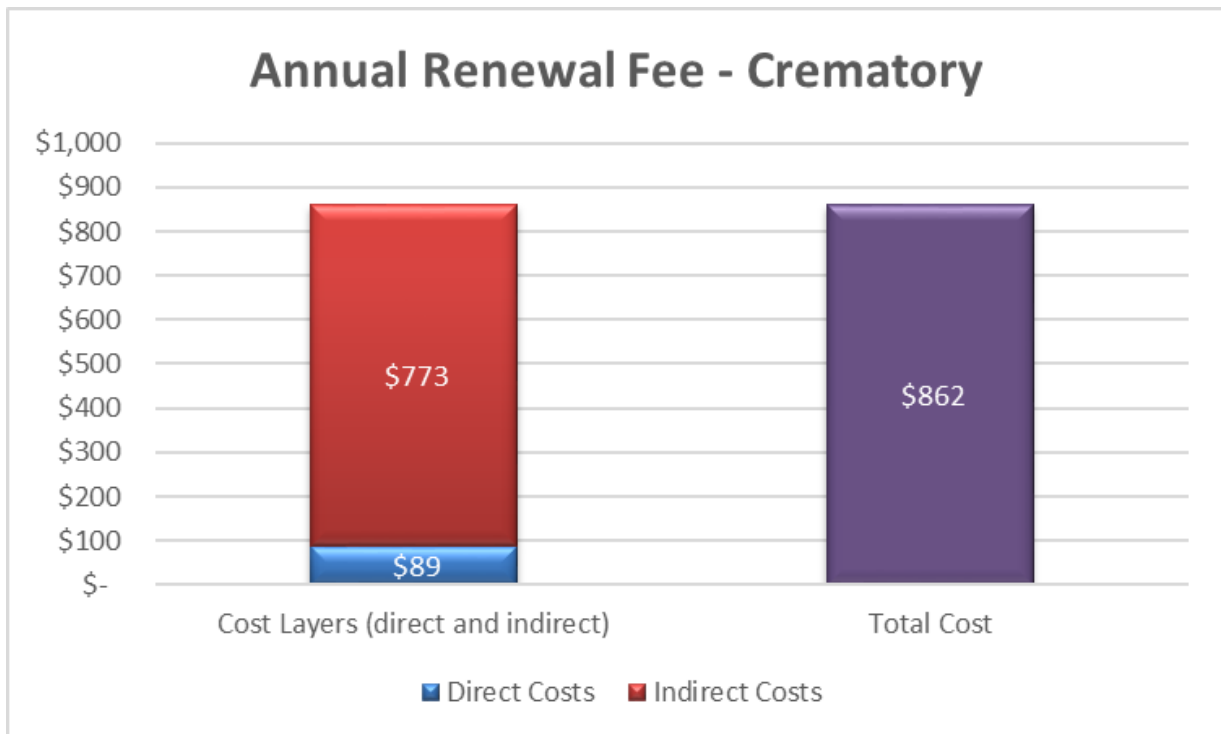
As stated earlier, our costing methodology utilizes driver-based costing models. In this methodology, we document the direct cost of a fee by calculating the time required to process each specific fee. We then multiply the time required by the applicable hourly rate we have calculated.

However, the direct costs alone do not recover all Bureau overhead, State and Department Pro Rata, enforcement, or customer service costs. These costs are allocated to specific fees based on the direct cost of each fee. For example, while the direct cost of an annual renewal fee for a crematory is \$88.81, these additional costs equal \$773, or a total cost of \$862 (see

Appendix, Report Table, Row 40 for the summary). The following graphic will illustrate these results.

Example - Cost Calculation				
License Type	Total Processing Requirements	Average Productive Hourly Rate	Direct Cost Assignment	
Annual Renewal Fee - Crematory				
Field Unit	1.125	\$ 73.03	\$	82.15
Licensing	0.071	\$ 93.98	\$	6.66
Total Direct Costs			\$	88.81
Allocated Indirect and Support Costs				
State/Dept Pro Rata			\$	22.36
Bureau Management & Administration			\$	258.71
Customer Service			\$	25.48
Investigations			\$	313.02
Travel time for inspections			\$	22.69
Attorney General Costs			\$	130.97
Total Allocated Indirect and Support Costs			\$	773.23
Total Cost Assigned			\$	862.05

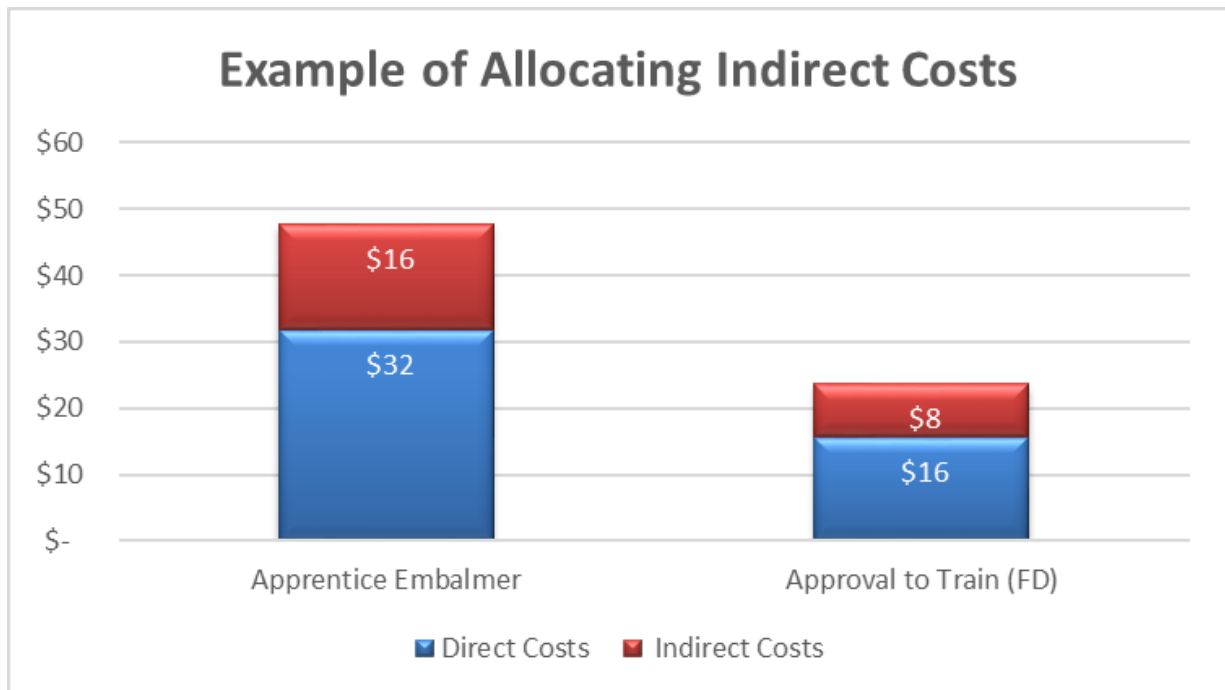
The following graphic will summarize these calculations.



Allocating the Cost of Enforcement and other Indirect Costs

In this engagement with the Bureau, we observe that the cost of enforcement, State and Department Pro Rata, and other regulatory requirements are significant Bureau expenses. From our experience, these costs consume, on average, 35 percent to 65 percent of total costs for the Bureau. Typically, these are expenses that cannot be directly tied to the processing requirements of an individual license. Therefore, they must be allocated.

Our approach to assigning these costs to Bureau fees is to allocate them based on the direct costs. Consequently, if the direct costs of license (A) is twice the cost of the license (B), then license (A) will receive twice the support costs of license (B). The graphic below illustrates the relationship between direct cost and indirect costs.



However, not all fees trigger the same consumption of indirect and support costs. For example, new license holders do not trigger enforcement costs. Therefore, enforcement costs have been assigned only to applications to maintain licensure and not initial application fees.

Setting Prices for Fees

From our perspective, the Bureau is under no requirement to set the final price at full cost recovery. The Bureau can recommend fees at full cost, higher than full cost, or lower than full cost. However, if the Bureau recommends a fee to be set at less than full cost, other fees must be raised to recover this lost revenue.

In one of the final steps of the analysis, Bureau leadership will need to review and recommend the final cost recovery for each fee.

Observations and Recommendations

Creating the culture of sustainability - Recommendations

The number one issue that we see across the spectrum of our State and local government clients is the failure to adjust fees regularly. Because of this, there is eventually a crisis where the agency cannot meet its regulatory responsibilities and provide a reasonable level of service to clients. Fortunately, the Bureau is not in a state of crisis yet. However, without action, soon, it will be in an emergency. Therefore, the following recommendations are designed to facilitate the long-term sustainability of the Bureau.

Specific Recommendations

Adopt and Implement the Fees Recommended by the Bureau Leadership

We see it regularly – government agencies at all levels will engage a fee audit. The objective is to bring cost recovery to a level where fees fully recover the costs of the service. However, implementing the findings or recommendations of the audit does not occur. Then, three to five years later, the agency is at a crisis point. What was a manageable challenge is now a crisis with no easy solutions. The lack of adequate revenues impacts the agency's ability to meet its regulatory mandates, and stakeholders are angry.

Therefore, to avert a crisis, we urge the adoption and implementation of the fees the Bureau is recommending.

Regular Adjustment of Fees

In our view, one of the most important outcomes of a study of fees is a policy to adjust fees regularly. Staff receive cost of living adjustments, and cemetery and funeral establishments adjust their prices based on inflationary and market forces. Therefore, fees should be adjusted regularly as well. The regular adjustment of fees will provide three valuable benefits to the Bureau:

- 1) Maintain the service levels to licensees.
- 2) Maintain the Bureau's ability to meet its regulatory mandate.

- 3) Keep the Bureau from economic crises where it might be in a position of having to borrow operating funds.

Our standard recommendation is that fees need to be adjusted annually or semi-annually at the least. Then a fee audit should be conducted every four to five years. We find that the regulatory environment changes enough in four to five years to warrant a fee audit.

Set the Fee Caps for a Ten Year Forward Projection

We have provided a 10-year forward projection of fees based on an annual increase of 3 percent. We would recommend working with the State Legislature to set the fee caps at the ten-year projected maximum. Then adjusting fees annually or at least bi-annually to maintain alignment of revenues and expenditures as described above.

Appendix –Final Results of Fee Audit

The following fee table details the results of each fee. The table summarizes the following:

- The current fee description.
- The number of times each fee is processed annually.
- The total direct costs.
- Total indirect and support costs.
- Other costs such as exam development.
- The total cost assigned.
- A comparison against the current price.
- The annual revenue impact for each fee.
- The annual fee revenue for the Bureau.

**California Cemetery and Funeral
Bureau
Licensing & Misc Fees / Current Cost
Structure**



			Unit Cost Summary					Annual Cost Calculations (At Actual Costs Calculated)		
Fee/Row #	Fee Name	Actual Work Volume	Direct Unit Cost	Allocated Support Costs	Other Exam Development	Total Cost Assigned	Current Fee / Revenue	Revenue at Full Cost of Services	Projection of Revenues at Current Fees	Annual Surplus (subsidy)
1	FUNERAL ESTABLISHMENT (FD)		\$ -					\$ -		
2	Original Funeral Establishment Application	41	\$ 222	\$137		\$359	\$ 400	\$ 14,715.29	\$16,400	\$1,685
3	Annual Renewal Fee	1,075	\$ 143	\$1,243		\$1,385	\$ 400	\$ 1,489,396.33	\$430,000	(\$1,059,396)
4	Delinquent Renewal Fee	75	\$ -				\$ 200	\$ -	\$15,000	\$15,000
5	Assignment of FD License Application	40	\$ 198	\$122		\$320	\$ 300	\$ 12,790.16	\$12,000	(\$790)
6	Change of FD Location and/or Prep and Storage	75	\$ 217	\$134		\$350	\$ 250	\$ 26,282.49	\$18,750	(\$7,532)
7	Change of FD Name	25	\$ 34	\$21		\$56	\$ 200	\$ 1,395.41	\$5,000	\$3,605
8	Notification of Change (Managing Funeral Director, Corporate Officer, and/or Trustee)	275	\$ 34	\$21		\$56	\$ 50	\$ 15,349.53	\$13,750	(\$1,600)
9	Preneed Funeral Trust Fund Report	125	\$ 501	\$4,366		\$4,867	\$ 200	\$ 608,431.38	\$25,000	(\$583,431)
10	Preneed Funeral Trust Fund Report Late Fee	30	\$ -				\$ 100	\$ -	\$3,000	\$3,000
11	FUNERAL DIRECTOR (FDR)		\$ -					\$ -		
12	Application and Examination Fee	260	\$ 23	\$12	\$ 73.68	\$109	\$ 100	\$ 28,364.06	\$26,000	(\$2,364)
13	License Fee	170	\$ 34	\$17		\$52	\$ 200	\$ 8,837.34	\$34,000	\$25,163
14	Annual Renewal Fee	2,285	\$ 15	\$128		\$143	\$ 200	\$ 327,614.92	\$457,000	\$129,385
15	Delinquent Renewal Fee	160	\$ -				\$ 100	\$ -	\$16,000	\$16,000
16	EMBALMER (EMB)									
17	Application and Examination Fee	72	\$ 47	\$24	\$ 120.39	\$191	\$ 150	\$ 13,767.30	\$10,800	(\$2,967)
18	Annual Renewal Fee	1,700	\$ 15	\$128		\$143	\$ 100	\$ 243,739.76	\$170,000	(\$73,740)
19	Delinquent Renewal Fee	120	\$ -				\$ 50	\$ -	\$6,000	\$6,000
20	APPRENTICE EMBALMER (AE)		\$ -					\$ -		
21	Registration as an Apprentice Embalmer Fee	84	\$ 32	\$16		\$48	\$ 60	\$ 4,009.73	\$5,040	\$1,030
22	Approval to Train (FD)	130	\$ 16	\$8		\$24	\$ 100	\$ 3,075.15	\$13,000	\$9,925
23	MISCELLANEOUS FEE		\$ -					\$ -		
24	Duplicate License	600	\$ 16	\$8		\$24	\$ 40	\$ 14,164.67	\$24,000	\$9,835

**California Cemetery and Funeral
Bureau
Licensing & Misc Fees / Current Cost
Structure**



			Unit Cost Summary					Annual Cost Calculations (At Actual Costs Calculated)		
Fee/Row #	Fee Name	Actual Work Volume	Direct Unit Cost	Allocated Support Costs	Other Exam Development	Total Cost Assigned	Current Fee / Revenue	Revenue at Full Cost of Services	Projection of Revenues at Current Fees	Annual Surplus (subsidy)
25	FINGERPRINT PROCESSING FEES*		\$ -					\$ -		
26	Department of Justice		\$ -				\$ 32	\$ -		
27	Federal Bureau of Investigation		\$ -				\$ 17	\$ -		
28	CERTIFICATE OF AUTHORITY (COA)		\$ -					\$ -		
29	Application Fee	1	\$ 943	\$11,606		\$12,549	\$ 400	\$ 12,549.19	\$400	(\$12,149)
30	Additional Filing Fee (additional cost to defray investigation expenses not to exceed a total sum of \$900)		\$ -				\$ 100	\$ -		
31	Annual Renewal Fee	198	\$ 162	\$3,298		\$3,460	\$ 400	\$ 685,015.46	\$79,200	(\$605,815)
32	Delinquent Renewal Fee	10	\$ -				\$ 200	\$ -	\$2,000	\$2,000
33	Quarterly Fee Per Interment (\$8.50 Regulatory Fee)	63,912	\$ 0.42	\$5.19		\$5.61	\$ 8.50	\$ 358,482.27	\$543,252	\$184,770
34	Designate and/or Share Manager									
35	Notification of Change (Corporate Officers, LLC Member, and/or Trustee)	140	\$ 47	\$29		\$76	\$ 25	\$ 10,646.19	\$3,500	(\$7,146)
36	ECF and SCF Annual Report		\$ 410	\$5,047		\$5,457		\$ -		
37	CREMATORY (CR)		\$ -					\$ -		
38	Application Fee	10	\$ 386	\$239		\$625	\$ 400	\$ 6,249.77	\$4,000	(\$2,250)
39	Additional Filing Fee (additional cost to defray investigation expenses not to exceed a total sum of \$900)		\$ -				\$ 100	\$ -		
40	Annual Renewal Fee	235	\$ 89	\$773		\$862	\$ 400	\$ 202,580.30	\$94,000	(\$108,580)
41	Delinquent Renewal Fee	10	\$ -				\$ 200	\$ -	\$2,000	\$2,000
42	Quarterly Fee Per Cremation (\$8.50 Regulatory Fee)	181,000	\$ 1.44	\$0.89		\$2.33	\$ 8.50	\$ 421,445	\$1,538,500	\$1,117,055
43	Designate and/or Share Manager	14	\$ 47	\$29		\$76	\$ 50	\$ 1,065	\$700	(\$365)
44	Hydrolysis Facility (HF)		\$ -					\$ -		
45	Application Fee	5	\$ 475	\$241		\$716	\$ 900	\$ 3,580	\$4,500	\$920
46	Annual Renewal Fee	0	\$ 89	\$773		\$862	\$ 900	\$ -		
47	Delinquent Renewal Fee		\$ -				\$ 450	\$ -		

**California Cemetery and Funeral
Bureau
Licensing & Misc Fees / Current Cost
Structure**



			Unit Cost Summary					Annual Cost Calculations (At Actual Costs Calculated)		
Fee/Row #	Fee Name	Actual Work Volume	Direct Unit Cost	Allocated Support Costs	Other Exam Development	Total Cost Assigned	Current Fee / Revenue	Revenue at Full Cost of Services	Projection of Revenues at Current Fees	Annual Surplus (subsidy)
48	Quarterly Fee Per Hydrolysis (\$8.50 Regulatory Fee)	250	\$ 0.42	\$0		\$0.64	\$ 8.50	\$ 159	\$2,125	\$1,966
49	Designate and/or Share Manager	35	\$ 47	\$24		\$71	\$ 50	\$ 2,479	\$1,750	(\$729)
50	CEMETERY MANAGER (CEM)		\$ -					\$ -		
51	Application and Examination Fee	38	\$ 23	\$12	\$ 467.10	\$503	\$ 800	\$ 19,095	\$30,400	\$11,305
52	License Fee	32	\$ 23	\$12		\$35	\$ 80	\$ 1,133	\$2,560	\$1,427
53	Annual Renewal Fee	305	\$ 15	\$128		\$143	\$ 80	\$ 43,730	\$24,400	(\$19,330)
54	Delinquent Renewal Fee	12	\$ -				\$ 40	\$ -	\$480	\$480
55	CREMATORY MANAGER (CRM)		\$ -					\$ -		
56	Application and Examination Fee	49	\$ 23	\$12	\$ 354.01	\$389	\$ 450	\$ 19,081	\$22,050	\$2,969
57	License Fee	40	\$ 23	\$12		\$35	\$ 80	\$ 1,416	\$3,200	\$1,784
58	Annual Renewal Fee	518	\$ 15	\$128		\$143	\$ 80	\$ 74,269	\$41,440	(\$32,829)
59	Delinquent Renewal Fee	40	\$ -				\$ 40	\$ -	\$1,600	\$1,600
60	CEMETERY BROKER (CEB)		\$ -					\$ -		
61	Examination and License Fee	29	\$ 23	\$12	\$ 253.92	\$289	\$ 400	\$ 8,391	\$11,600	\$3,209
62	Re-Examination Fee	3	\$ 16	\$8		\$24	\$ 100	\$ 71	\$300	\$229
63	Annual Renewal Fee	186	\$ 15	\$128		\$143	\$ 300	\$ 26,668	\$55,800	\$29,132
64	Delinquent Renewal Fee	6	\$ -				\$ 150	\$ -	\$900	\$900
65	CEMETERY BROKER ADDITIONAL (CBA)		\$ -					\$ -		
66	Annual Renewal Fee	14	\$ 15	\$128		\$143	\$ 100	\$ 2,007	\$1,400	(\$607)
67	Delinquent Renewal Fee	1	\$ -				\$ 50	\$ -	\$50	\$50
68	CEMETERY BROKER BRANCH (CBB)		\$ -					\$ -		
69	Application Fee	11	\$ 34	\$17		\$52	\$ 100	\$ 572	\$1,100	\$528
70	Annual Renewal Fee	72	\$ 15	\$128		\$143	\$ 100	\$ 10,323	\$7,200	(\$3,123)
71	Delinquent Renewal Fee	5	\$ -				\$ 50	\$ -	\$250	\$250

**California Cemetery and Funeral
Bureau
Licensing & Misc Fees / Current Cost
Structure**



Fee/Row #	Fee Name	Actual Work Volume	Unit Cost Summary				Annual Cost Calculations (At Actual Costs Calculated)			
			Direct Unit Cost	Allocated Support Costs	Other Exam Development	Total Cost Assigned	Current Fee / Revenue	Revenue at Full Cost of Services	Projection of Revenues at Current Fees	Annual Surplus (subsidy)
72	CEMETERY SALESPERSON (CES)		\$ -					\$ -		
73	Application Fee	2,200	\$ 15	\$8		\$23	\$ 30	\$ 49,548	\$66,000	\$16,452
74	Annual Renewal Fee	3,900	\$ 15	\$128		\$143	\$ 25	\$ 559,168	\$97,500	(\$461,668)
75	Delinquent Renewal Fee	90	\$ -				\$ 25	\$ -	\$2,250	\$2,250
76	Transfer Fee	375	\$ 15	\$8		\$23	\$ 25	\$ 8,499	\$9,375	\$876
77	Reinstatement Fee	14	\$ 15	\$8		\$23	\$ 25	\$ 317	\$350	\$33
78	CREMATED REMAINS DISPOSER (CRD)		\$ -					\$ -		
79	Registration Fee	29	\$ 23	\$12		\$35	\$ 100	\$ 1,027	\$2,900	\$1,873
80	Annual Renewal Fee	150	\$ 51	\$442		\$494	\$ 50	\$ 74,060	\$7,500	(\$66,560)
81	Delinquent Renewal Fee	20	\$ -				\$ 25	\$ -	\$500	\$500
82	MISCELLANEOUS FEES		\$ -					\$ -		
83	Change of Name or Address		\$ 8	\$4		\$12		\$ -		
84	Duplicate License	130	\$ 15	\$8		\$23	\$ 25	\$ 2,946	\$3,250	\$304
85	FINGERPRINT PROCESSING FEES*		\$ -					\$ -		
86	Department of Justice		\$ -				\$ 32	\$ -		
87	Federal Bureau of Investigation		\$ -				\$ 17	\$ -		
	* Fees established by external agency		\$ -					\$ -		
			\$ -					\$ -		

Annual Revenue Impacts		
Revenue at Full Cost of Services	Projection of Revenues at Current Fees	Annual Surplus (subsidy)
\$ 5,418,505	\$ 3,971,022	(\$1,447,483)

Cemetery and Funeral Bureau Fund Condition with Proposed Fee Levels

0717 - Cemetery & Funeral Bureau Analysis of Fund Condition

ATTACHMENT 4

Prepared 7.30.2021

(Dollars in Thousands)

2021 Budget Act

Based on FY 2019-20 Actuals, CY Projections for FY 2020-21 and projected budget adjustments for 2022-23

+ Proposed Fee Increase Effective January 1, 2023 (25 year CPI Model)

+ Cremation/Interment Fee to \$11.50

	ACTUAL	PY	CY	Budget Act	BY+1	BY+2	BY+3	BY+4	BY+5	BY+6
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
BEGINNING BALANCE										
Prior Year Adjustments	\$ 2,855	\$ 5,303	\$ 5,068	\$ 5,123	\$ 2,447	\$ 946	\$ 826	\$ 883	\$ 883	\$ 860
Adjusted Beginning Balance	\$ 1,096	\$ -59	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 3,951	\$ 5,244	\$ 5,068	\$ 5,123	\$ 2,447	\$ 946	\$ 826	\$ 883	\$ 883	\$ 860
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS										
Revenues:										
4121200 Delinquent fees	\$ 44	\$ 46	\$ 43	\$ 46	\$ 46	\$ 46	\$ 46	\$ 46	\$ 46	\$ 46
Proposed Fee Increase					\$ 19	\$ 37	\$ 37	\$ 37	\$ 37	\$ 37
4127400 Renewal fees	\$ 1,393	\$ 1,420	\$ 1,852	\$ 1,433	\$ 1,433	\$ 1,433	\$ 1,433	\$ 1,433	\$ 1,433	\$ 1,433
Proposed Fee Increase					\$ 639	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278
4129200 Other regulatory fees	\$ 2,152	\$ 2,258	\$ 2,387	\$ 2,236	\$ 2,236	\$ 2,236	\$ 2,236	\$ 2,236	\$ 2,236	\$ 2,236
Proposed Fee Increase					\$ 427	\$ 853	\$ 853	\$ 853	\$ 853	\$ 853
4129400 Other regulatory licenses and permits	\$ 197	\$ 194	\$ 174	\$ 211	\$ 211	\$ 211	\$ 211	\$ 211	\$ 211	\$ 211
Proposed Fee Increase					\$ 81	\$ 162	\$ 162	\$ 162	\$ 162	\$ 162
4143500 Miscellaneous Services to the Public	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4163000 Investment Income - Surplus Money Investments	\$ 114	\$ 92	\$ 22	\$ 37	\$ 5	\$ 4	\$ 4	\$ 4	\$ 3	\$ 2
4171400 Escheat- Unclaimed Checks, Warrants, Bonds, and Coupons	\$ 3	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4172500 Miscellaneous Revenue	\$ 1	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4173500 Settlements and Judgments - Other	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 3,904	\$ 4,015	\$ 4,486	\$ 3,963	\$ 5,096	\$ 6,260	\$ 6,260	\$ 6,260	\$ 6,259	\$ 6,258
Transfers from Other Funds										
Transfer from the State Funeral Directors and Embalmers Fund (0750) per Chapter 395, Statutes of 2015	\$ 1,513									
Totals, Revenues and Transfers	\$ 5,417	\$ 4,015	\$ 4,486	\$ 3,963	\$ 5,096	\$ 6,260	\$ 6,260	\$ 6,260	\$ 6,259	\$ 6,258
Total Resources	\$ 9,368	\$ 9,259	\$ 9,554	\$ 9,086	\$ 7,543	\$ 7,206	\$ 7,086	\$ 7,143	\$ 7,142	\$ 7,119
EXPENDITURE AND EXPENDITURE ADJUSTMENTS										
Expenditures:										
1111 Department of Consumer Affairs Regulatory Boards, Bureaus, Divisions (State Operations)	\$ 3,708	\$ 3,723	\$ 4,087	\$ 6,130	\$ 5,315	\$ 5,474	\$ 5,638	\$ 5,808	\$ 5,982	\$ 6,161
Ongoing BIZMOD Cost Estimate					\$ 773	\$ 397	\$ 56	\$ 56	\$ 56	\$ 56
2021-22 - 5% Operational Savings Plan				\$ -36	\$ -36	\$ -36	\$ -36	\$ -36	\$ -36	\$ -36
2021-22 Estimated General Salary Increase (4.55%)				\$ 154	\$ 154	\$ 154	\$ 154	\$ 154	\$ 154	\$ 154
8880 Financial Information System for California (State Operations)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9892 Supplemental Pension Payments (State Operations)	\$ 45	\$ 93	\$ 93	\$ 93	\$ 93	\$ 93	\$ 93	\$ -	\$ -	\$ -
7700 Administrative General Administrative Expenses (FIDUCIARY STATE)	\$ 312	\$ 375	\$ 251	\$ 298	\$ 298	\$ 298	\$ 298	\$ 298	\$ 298	\$ 298
Total Expenditures and Expenditure Adjustments	\$ 4,065	\$ 4,191	\$ 4,431	\$ 6,639	\$ 6,597	\$ 6,380	\$ 6,203	\$ 6,283	\$ 6,458	\$ 6,638
FUND BALANCE										
Reserve for economic uncertainties	\$ 5,303	\$ 5,068	\$ 5,123	\$ 2,447	\$ 946	\$ 826	\$ 883	\$ 860	\$ 684	\$ 480
Months in Reserve	15.2	13.7	9.3	4.5	1.8	1.6	1.7	1.6	1.2	0.8

NOTES:

- A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED FOR BY+1 AND ON-GOING.
- B. ASSUMES APPROPRIATION GROWTH OF 3% PER YEAR IN BY+1 AND ON-GOING..
- C. ASSUMES INTEREST RATE OF 0.5%