



July 23, 2021

The Honorable Richard D. Roth, 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 Street, Room 379
Sacramento, CA 95814

Re: Annual Department of Consumer Affairs Distributed Costs Report

Dear Senator Roth and Assembly Member Low:

Business and Professions Code section 201 requires the Department of Consumer Affairs (Department) to submit a report to the Legislature by July 1 of each year 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 2021-22 fiscal year.

The Department charges pro rata to recover its costs for centralized administrative services provided to the boards and bureaus. The Department's 37 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 four boards and bureaus that have higher than average costs at 30 percent or more of their annual budget. The following provides a brief explanation of the anomalies driving the costs.

- 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 nearly 80 percent of the costs this board pays the Department.

- Physical Therapy Board: 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 account for nearly half of the costs this board pays the Department.
- Board of Vocational Nursing and Psychiatric Technicians: This board has a higher than average number of cases referred to the Department's Division of Investigation and the costs of conducting those investigations account for more than half of the costs this board pays the Department.
- 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: Stuart Thompson, Chief Deputy Legislative Secretary, Office of the Governor
Lourdes Castro Ramírez, Secretary, Business, Consumer Services and Housing Agency
Emma Jungwirth, Assistant Program Budget Manager, Department of Finance
Drew Soderborg, Deputy Legislative Analyst, Legislative Analyst's Office
Members of the Senate Business, Professions, and Economic Development Committee
Members of the Senate Budget Subcommittee No. 4
Members of the Assembly Business and Professions Committee
Members of the Assembly Budget Subcommittee No. 4
Department of Consumer Affairs Executive Officers and Bureau Chiefs

Attachments:

Distributed Cost Methodology for Fiscal Year 2021-22
2021-22 Department of Consumer Affairs Distributed Costs Spreadsheet

**DEPARTMENT OF CONSUMER AFFAIRS
DISTRIBUTED COST METHODOLOGY FOR FISCAL YEAR 2021-22**

This document provides a general overview of the various allocation methodologies the Department uses to distribute centralized expenses 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* (which consists of the Executive Office, Equal Employment Opportunity Office, Internal Audits, Legal Affairs, Legislative Affairs, SOLID Training & Planning Solutions, Information Security, and the Office of Administrative Services [which consists of Fiscal Operations, Business Services Office, Office of Human Resources]): Distributed costs to all *boards/bureaus/programs* based on authorized position count. Costs derived from AISD positions gained through cannabis related proposals to support the Bureau of Cannabis Control are tracked separately and allocated directly to the bureau.
- *OFFICE OF PROFESSIONAL EXAMINATION SERVICES (OPES)*: Most Services are direct costs based on individual intra-agency agreements with boards/bureaus/programs. Small portion of budget distributed to boards/bureaus/programs required to report pursuant to B&P 139 based on authorized position count.
- *OFFICE OF INFORMATION SERVICES (OIS)*: Distributed costs based on service center usage. Cost centers include ATS/CAS, BreZE, telecom, PC support, LAN/WAN, and web services among others. Costs derived from OIS positions gained through cannabis related proposals to support the Bureau of Cannabis Control are tracked separately and allocated directly to the bureau.

2. COMMUNICATIONS DIVISION:

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

3. DIVISION OF PROGRAM AND POLICY REVIEW:

- *CONSUMER INFORMATION CENTER (CIC)*: Distributed costs based on client's past year workload to determine the client's distributed costs in budget year. Non-jurisdictional correspondence and call costs are distributed to all boards/bureaus/programs based on authorized position count.
- *POLICY REVIEW (PRP)*: Distributed costs based on authorized position count.

DIVISION OF INVESTIGATION (DOI)

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

**DEPARTMENT OF CONSUMER AFFAIRS
DISTRIBUTED COST CALCULATIONS FOR FISCAL YEAR 2021-22**

AUTHORIZED POSITION COUNT

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

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

Example:

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

PAST YEAR WORKLOAD

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

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

Example:

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

SERVICE CENTER USAGE

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

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

Example:

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

DIRECT COST

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

**2021-22 Department of Consumer Affairs Distributed Costs
Budget Act 2021**

Attachment B

Board / Bureau Name	2020-21 Authorized Positions	Consumer and Client Services Division								Division of Investigation			TOTAL	% of Budget
		Administrative & Information Services Division				Communications Division		Division of Program & Policy Review		Special 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	Policy Review					
Accountancy	103.8	1,807,000	526,000	-	-	56,000	51,000	169,000	15,000	52,000		85,000	2,761,000	16%
Board of Architectural Examiners	24.9	431,000	299,000	-	147,000	14,000	11,000	20,000	3,000	12,000		61,000	998,000	20%
Landscape Arch Committee	5.5	95,000	70,000	-	37,000	3,000	2,000	4,000	1,000	3,000		-	215,000	17%
Athletic Commission	10.2	176,000	109,000	-	-	5,000	5,000	8,000	1,000	5,000		-	309,000	17%
Boxer's Pension	0.5	8,000	9,000	-	-	-	-	-	-	-		-	17,000	14%
Board of Behavioral Sciences	65.5	1,137,000	760,000	466,000	-	35,000	31,000	217,000	8,000	33,000		14,000	2,701,000	21%
Chiropractic Examiners	19.4	336,000	252,000	-	126,000	10,000	9,000	20,000	2,000	9,000		6,000	770,000	17%
Barbering & Cosmetology	96.2	1,666,000	1,234,000	2,493,000	-	53,000	48,000	505,000	14,000	50,000		-	6,063,000	29%
Contractors State License Bd	432.6	5,156,000	1,463,000	-	-	164,000	148,000	235,000	42,000	153,000		149,000	7,510,000	10%
Dental Board of CA	88.8	1,544,000	1,004,000	400,000	-	48,000	45,000	96,000	11,000	47,000		-	3,195,000	17%
Dental Hygiene Board	13.0	227,000	147,000	91,000	-	7,000	6,000	16,000	2,000	7,000		-	503,000	20%
Medical Board of California ¹	188.5	3,267,000	1,226,000	802,000	-	101,000	92,000	159,000	27,000	98,000	23,906,000	-	29,678,000	39%
Acupuncture Board	12.5	217,000	158,000	-	126,000	6,000	6,000	10,000	2,000	6,000		496,000	1,027,000	25%
Physical Therapy Board ²	27.4	477,000	304,000	163,000	-	15,000	14,000	32,000	4,000	14,000		975,000	1,998,000	30%
Physician Assistant Board	11.0	194,000	120,000	64,000	-	6,000	5,000	10,000	1,000	6,000		-	406,000	14%
Board of Podiatric Medicine	5.2	90,000	60,000	13,000	-	3,000	2,000	5,000	1,000	3,000		-	177,000	11%
Board of Psychology	27.3	472,000	310,000	99,000	-	15,000	13,000	26,000	3,000	14,000		856,000	1,808,000	26%
Respiratory Care Board	17.4	302,000	187,000	96,000	-	9,000	8,000	16,000	2,000	8,000		-	628,000	16%
Speech-Language P.A./ Hearing Aid	11.6	200,000	178,000	-	143,000	6,000	5,000	15,000	1,000	6,000		113,000	667,000	19%
Occupational Therapy	17.7	309,000	200,000	85,000	-	9,000	8,000	23,000	2,000	8,000		279,000	923,000	28%
Board of Optometry	12.4	211,000	143,000	74,000	-	6,000	6,000	19,000	1,000	6,000		41,000	507,000	17%
Osteopathic Medical Board	13.4	232,000	145,000	49,000	-	7,000	6,000	14,000	2,000	7,000		100,000	562,000	17%
Naturopathic Medicine	2.0	35,000	23,000	4,000	-	1,000	1,000	2,000	-	1,000		26,000	93,000	24%
Board of Pharmacy	127.6	2,230,000	1,480,000	-	-	69,000	63,000	108,000	17,000	65,000		-	4,032,000	13%
Board of Pharmacy - Sharps	6.0	90,000	4,000	-	-	3,000	2,000	3,000	1,000	2,000		-	105,000	9%
Board for Prof. Engineers, Land Surveyors & Geologists	47.2	796,000	641,000	-	127,000	26,000	23,000	44,000	6,000	25,000		206,000	1,894,000	15%
Board of Registered Nursing	238.8	4,184,000	2,439,000	2,667,000	-	134,000	122,000	497,000	35,000	125,000		6,850,000	17,053,000	28%
Court Reporters Board	4.5	76,000	71,000	-	-	2,000	2,000	3,000	1,000	2,000		-	157,000	13%
Structural Pest- Support	30.9	534,000	387,000	-	184,000	17,000	16,000	34,000	4,000	15,000		-	1,191,000	17%
Veterinary Medical Board	33.3	583,000	357,000	136,000	-	18,000	17,000	52,000	4,000	17,000		18,000	1,202,000	17%
Vocational Nursing & Psychiatric Technicians ³	73.4	1,275,000	757,000	538,000	-	41,000	35,000	162,000	9,000	38,000		2,949,000	5,804,000	32%
Arbitration Certification Program	8.0	135,000	83,000	-	-	4,000	4,000	6,000	1,000	4,000		-	237,000	16%
Private Security Services ⁴	72.4	1,259,000	1,191,000	2,346,000	-	41,000	34,000	1,332,000	9,000	37,000		14,000	6,263,000	35%
Private Postsecondary	109.0	1,852,000	1,304,000	-	127,000	60,000	53,000	159,000	15,000	57,000		-	3,627,000	19%
Electronic/ Appliance Repair	20.0	341,000	248,000	-	129,000	10,000	9,000	27,000	3,000	10,000		-	777,000	18%
Household Furnishings	30.9	527,000	371,000	-	37,000	17,000	16,000	32,000	4,000	15,000		-	1,019,000	17%
Home Movers	11.0	184,000	120,000	-	18,000	6,000	5,000	8,000	1,000	6,000		-	348,000	16%
Automotive Repair (VIRF)	543.8	9,417,000	5,798,000	-	-	303,000	276,000	793,000	82,000	281,000		-	16,950,000	14%
Automotive Repair (HPRRA)	57.6	984,000	602,000	-	-	31,000	28,000	44,000	7,000	31,000		-	1,727,000	18%
Automotive Repair (EFM)	9.0	153,000	93,000	-	-	5,000	4,000	7,000	1,000	5,000		-	268,000	27%
Cemetery & Funeral	25.5	443,000	303,000	-	183,000	14,000	12,000	27,000	3,000	13,000		88,000	1,086,000	17%
Bureau of Real Estate Appraisers	30.8	528,000	127,000	-	-	17,000	16,000	26,000	4,000	16,000		-	734,000	12%
Professional Fiduciaries Bureau	3.0	52,000	36,000	-	-	2,000	1,000	28,000	-	2,000		-	121,000	19%
TOTAL, 1111	2,689.5	44,232,000	25,339,000	10,586,000	1,384,000	1,399,000	1,260,000	5,013,000	352,000	1,314,000	23,906,000	13,326,000	128,111,000	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 nearly 80% of the cost the board pays the Department

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

³ The Board of Vocational Nursing and Psychiatric Technicians has a higher than average number of cases referred to the Department's Division of Investigation and the costs of conducting those investigations account for over half of the costs this board pays the Department

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