



**California State Board of Pharmacy**

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BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY

DEPARTMENT OF CONSUMER AFFAIRS

GOVERNOR EDMUND G. BROWN JR.

**To: Board Members**

**Subject: Agenda Item IX. Update from the Department of Consumer Affairs**

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During the meeting, Patrick Le, Assistant Deputy Director of Board and Bureau Services, will provide an update on the activities of the department. As part of the update, members will be provided with information on the following items:

1. Discussion on Timeframes for Regulation Packages Once Submitted to the Department
2. Discussion on Distributed Cost Allocations and DCA's 2018 Report to the Legislature
3. Other Items

Following this memo is a copy of DCA's 2018 Report to the Legislature.



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**

Board / Bureau Name	2018-19 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	Cannabis Enforcement Unit		
		AISD Less OIS	OIS (less BreEZe)	OIS (BreEZe)	OIS (Cannabis)	Public Affairs	Publications Design & Editing	Consumer Information 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	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	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	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	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	11%	
Board for Prof. Engineers, Land Surveyors & 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	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	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	23%	
Household Furnishings	28.9	424,000	337,000	-	-	15,000	14,000	14,000	7,000	3,000	13,000	-	-	-	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	12%	
Automotive Repair (VIRF)	526.8	7,852,000	5,063,000	-	-	280,000	243,000	679,000	154,000	79,000	246,000	-	-	-	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	-	-	-	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	-	-	-	208,000	24%	
Cemetery & Funeral	23.5	354,000	272,000	-	-	12,000	11,000	14,000	8,000	3,000	10,000	-	-	-	684,000	15%	
Bureau of Real Estate Appraisers	33.8	502,000	55,000	-	-	16,000	16,000	16,000	9,000	5,000	14,000	-	-	-	633,000	10%	
Professional Fiduciaries Bureau	3.0	43,000	39,000	-	-	1,000	1,000	10,000	10,000	-	1,000	-	-	-	105,000	19%	
Bureau of Cannabis Control <sup>7</sup>	219.0	1,568,000	-	4,730,000	-	1,000	1,000	45,000	23,000	-	-	-	-	-	6,539,000	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 a 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.