STATE OF CALIFORNIA
DEPARTMENT OF CONSUMER AFFAIRS
BUSINESS, CONSUMER SERVICES, AND HOUSING AGENCY • GOVERNOR EDMUND G. BROWN JR.
Medical Board of California
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BOARD OF PODIATRIC MEDCINE
NOVEMBER 13, 2015

SUBJECT: BOARD OF PODIATRIC MEDICINE ("BPM") FEE AUDIT ("FEE) STUDY

ACTION: DISCUSS AND CONSIDER REPORT ON BPM FEE STUDY

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RECOMMENDATION

Receive, consider and discuss the BPM Fee Study.

ISSUE

A one-time study of the DCA Pro Rata methodology and administrative distribution processes has been completed and published.

BACKGROUND

Following a motion for authorization to pursue an independent fee rate analysis for determining the long term sustainability of the board's existing fee structure that was approved by BPM at its June 6, 2015 meeting of the Board, the Executive Officer engaged the services of CPS HR Consulting (CPS) for same.

The Board may recognize the CPS name most recently in connection with the completed the Administrative Cost Distribution (Pro Rata) Study for the DCA. The Pro Rata Study was provided separately for board review as part of the September 18, 2015 agenda packet. CPS is a well-respected and experienced consulting firm that has previously completed many performance audits for other consumer regulatory boards under the umbrella of the Department of Consumer Affairs.

The scope of the BPM engagement focused on a review of the Board's fee structure and staff workload to address a number of important objectives among other goals including:

1) Analysis of the Board's fee structure to determine if fee levels are sufficient for recovery of actual costs of conducting operations
2) Review all aspects of the Board's fee structure, assessments of balancing fees collected, and program expenditure needs to prevent deficit funding for the Board
3) Determination of a cost basis for services provided by the Board when a separate fee is not provided

4) Projection of fees, revenues and associated costs of activities for the next five years
5) Analysis of number of potential retirements and impacts to budget in future years

The performance audit of BPM's fee structure by CPS HR Consulting (CPS) has been completed. The Fee Report and its accompanying documentation is attached for board review and consideration.

DISCUSSION

Since 2001, it had been recognized that BPM's fees needed revision to sustain a long-term positive fund balance. Accordingly, a temporary increase to the renewal fee was made permanent in 2004 (SB 1549), with the understanding that fees for user based services would be increased later in order to cover actual costs. While the license renewal fee increase was helpful to ensuring overall sustainability, BPM's schedule of user based service fees have not been adjusted to meet the actual costs for providing service.

One of the main points that may be taken away from the fee study is that the Board's schedule of service fees should reflect actual costs of service. Given that the schedule of user based service fees—that is fees that are charged to licensees based on a specific request from a licensee for a service from the board, i.e., issuance of a letter of good standing—have not been changed since at least before 1989, the fees do not appropriately reflect decades of inflation or cost of living and wage increases that all directly impact the cost of services provided. As a frame of reference, the price of a gallon of gasoline in 1989 was .97 cents as recorded by the California Energy Commission Energy Almanac.

Even more telling, is the United States Department of Labor, Bureau of Labor Statistics Inflation Calculator which calculates changes in prices of all goods and services purchased for consumption by urban households by using the average Consumer Price Index ("CPI") for a given calendar year. The latest monthly index value is used for each current year. Accordingly, $30 in 1989 (the amount charged for issuing a letter of good standing in 1989) represents $57.76 worth of buying power in 2015. This represents a 92% increase in the cumulative rate of inflation. If adjusted for inflation alone the same item today would cost $57.76. However, the board continues to levy only a $30 fee for the same service. While it is recognized that a fee collected by the board cannot not exceed the cost of providing the service for which the fee is collected, the existing decades old fee schedule prevents the board from even nearing recovery for actual costs of service provided.

For example, issuing a letter of good standing today represents a range of ½ to 1hour of staff processing time on average. Using the hourly rate formula based on full absorption costing, as suggested by the fee study, yields an actual cost calculation to the agency of $50 to $100 for providing the service. Thus, the board fails to recover anywhere from $20

to $70 dollars each time staff issues a letter of good standing because the current fee maximum is set at $30. In other words, the current fee for a letter of good standing represents an internal structural operating deficit.

Having said this, the board's fund condition currently retains approximately 12.6 months of operating funds. The board has reverted in excess of $100,000 to the fund over the last four fiscal years. It has been able to achieve these savings through careful fiscal stewardship and budgetary discipline.

However, when accounting for the future effects of anticipated retirements to BPM's relatively invariable licensee base and revenue stream in addition to factoring increasing departmental and statewide pro rata expenditures necessary to fund the department-wide BreEZe project, these foreseeable cost increases and reductions to the revenue base are expected to result in slight imbalance between receipts and expenditures that will gradually chip away at the fund over time.

Since BPM does not have authority to increase fees administratively, the Board may wish to consider a proposal for increasing the board's existing schedule of service fees for inclusion in BPM's Sunset Report. The below recommended proposed increases will help to offset expected decreases to future revenue as a result of projected retirements in the next five years as well as to help defray known increased costs associated with the department wide BreEZe project. The proposed changes represent only a very modest increase in annual BPM revenue (approximately $11,000) and will contribute to continued good financial housekeeping and fund condition.

<u>CURRENT FEE RATE & FEE AUTHORITY (include Code section references):</u>
(1) Application Fee - $20 (BPC § 2499.5 (a))
(2) Duplicate License - $40 (BPC § 2499.5 (f))
(3) Duplicate Renewal Receipt - $40 (BPC § 2499.5 (g))
(4) Letter of Good Standing/Endorsement - $30 (BPC § 2499.5(h), (i))
(5) Resident's License - $60 (BPC § 2499.5 (j))
(6) Ankle License Application and Exam fees - $50, $700 (BPC § 2499.5 (k))
(7) Exam Appeal Fee - $25 (BPC § 2499.5 (l))
(8) CME Course Approval - $100 (BPC § 2499.5 (m))

<u>PROPOSED/NEW FEE RATE:</u>
(1) Application Fee - $100
(2) Duplicate License - $100
(3) Duplicate Renewal Receipt - $50
(4) Letter of Good Standing - $100
(5) Resident's License - $100
(6) Delete authorization for ankle exam fees - $0
(7) Exam Appeal Fee - $100
(8) CME Course Approval - $250

NEXT STEPS

A copy of the BPM Fee Study is included in the BPM's 2015 Sunset Report as required. A discussion of the proposal for modest increases to the Board's schedule of service fees discussed above may be included for review and consideration by Joint Committee should the Board believe it necessary. A proposed issue statement and discussion is included for BPM consideration as attachment B.

ATTACHMENTS

A. CA Board of Podiatric Medicine Fee Audit Study
B. Proposed Issue Statement & Discussion for BPM Schedule of Service Fees Increase

Prepared by: Jason S. Campbell, JD, Executive Officer

Jason S. Campbell, JD
Executive Officer

ATTACHMENT A

CPS HR CONSULTING

FINAL REPORT

CA Board of Podiatric Medicine

Fee Audit

October 1, 2015

SUBMITTED BY:

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Your Path to Performance

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Executive Summary

The mission of the California Board of Podiatric Medicine (Board) is to protect and educate consumers of California through licensing, enforcement and regulation of Doctors of Podiatric Medicine. The Board is one of 39 regulatory entities functioning semi-autonomously under the guidance of the California Department of Consumer Affairs (DCA).

A specific function of the Board is to review/set fees levied on applicants for initial licensure, renewal fees for licenses and permits, as well as any modifications thereof. These licensure fees are intended to be sufficient to cover the cost of the Board's regulatory services.

In July 2015, the Board engaged CPS HR Consulting (CPS) to review and analyze the Board's fee structure to:

- Determine if fees are properly aligned and appropriate for recovery of the actual cost of conducting its programs;
- Determine if any of the programs are subsidizing other programs; and to
- Establish a cost basis to assess the services provided by the Board when a separate fee is not provided.

Summary of Findings and Recommendations

Based on the review, CPS found the following:

- The BPM raised the License Renewal fee to $900 in 2004, but the other service fees on the fee schedule have not been increased since 1989.
- Fee schedule revenue represents 98.2% of all BPM income. And at 92.2% of fee schedule revenue, combined Biennial Podiatrist Renewal licensing fees have sustained BPM and subsidized other programs over the years.
- At 43.7%, Personnel Services expenses (salaries, wages and benefits) are the Board's single largest recurring expense, followed by DCA Departmental expenses (26.4%), Enforcement expenses (20.7%), General Office expenses (9.0%), and Interagency expenses (0.1%).
- Conservative revenue and expense projections over the next five fiscal years indicate BPM will have insufficient revenue to cover operational costs and maintain a healthy 12-month operating reserve.

As a result, CPS recommends the following:

1. BPM management should consider adding resources (up to the remaining authorized 0.2 full-time equivalent) to provide support in the public outreach program.
2. BPM management should develop, approve and implement a revised fee schedule as soon as possible, and post it on the Board's website.

3. When appropriate, BPM should charge for schedule and unscheduled services based on a fully absorbed cost rate of $100 per hour. Services should be charged accordingly based on the actual time BPM consumes to provide the service.
4. BPM should increase specific fees for DPM resident license, fictitious name renewal, fictitious name permit delinquent renewal, duplicate license, letter of good standing, exam appeal and ankle certification based on the fully absorbed cost rate of $100 per hour.

Introduction

The mission of the California Board of Podiatric Medicine (Board or BPM) is to protect and educate consumers of California through licensing, enforcement and regulation of Doctors of Podiatric Medicine. The Board is one of 39 regulatory entities functioning semi-autonomously under the guidance of the California Department of Consumer Affairs (DCA).

Background

The following presents background information on the podiatric medicine industry; Board history, composition and governance structure; licensing requirements; Board functions and staffing.

Podiatric Medicine Industry Overview

According to the US Department of Labor's 2014-15 edition of the *Occupational Outlook Handbook* (covers data through 2012), the podiatric medicine industry is predicted to grow 23% from 2012 to 2022. This is considered much faster than the average for all occupations. Continued growth in the demand for this profession stems from an aging population with foot and ankle conditions caused by chronic conditions such as diabetes and obesity.

As of May 2012, there were about 10,700 podiatrists nationwide with about 14% self-employed. There are about 2,000 licensed podiatrists in California. The median annual wage was $116,440 with a range from $52,530 to $187,000.

Job prospects for trained podiatrists are considered good and are expected to increase as currently practicing podiatrists retire in the coming years.

There are only nine certified colleges of podiatry nationwide, with two in California. Collectively, these schools graduate about 680 doctors a year. California graduates approximately 98 (14.4% of the total) a year but according to Board staff, there is shortage of residencies in California so many graduates must leave the state to continue their training.

Board History, Composition and Governance Structure

Beginning in 1957, the state licensure of Doctors of Podiatric Medicine (DPMs) was handled by a Chiropody Examining Committee working under the auspices of the California Board of Medical Examiners. In the mid-1960's, the name was changed to Podiatry Examining Committee. In 1986, the organization was formally named the Board of Podiatric Medicine.

The Board is composed of seven members serving four-year terms with no more than a maximum of two consecutive terms. The Governor appoints four professional members and one public member. The Senate Rules Committee and the Assembly Speaker each appoint one public member. Board members are not allowed to own or acquire an interest in an institution engaged in podiatric medical instruction.

The five standing Board committees are:

- **Executive Committee:** Members of the Executive Committee include the Board's president and vice-president (elected annually), and the ranking Board member or members appointed by the Board president. As elected officers, this Committee makes interim (between Board meetings) decisions as necessary. This Committee also provides guidance to administrative staff for the budgeting and organizational components of the Board and is responsible for directing the fulfillment of recommendations made by legislative oversight committees.
- **Enforcement Committee:** Members of the Enforcement Committee are responsible for the development and review of Board-adopted policies, positions and disciplinary guidelines. Although members of the Enforcement Committee do not review individual enforcement cases they are responsible for policy development of the enforcement program, pursuant to the provisions of the Administrative Procedure Act (APA).
- **Licensing Committee:** Members of the Licensing Committee are responsible for the review and development of regulations regarding educational and professional ethics course requirements for initial licensure and continuing education programs. Essentially, they monitor various education criteria and requirements for licensure, taking into consideration new developments in technology, podiatric medicine and current activity in the health care industry.
- **Legislative Committee:** Members of the Legislative Committee are responsible for monitoring and making recommendations to the Board with respect to legislation impacting the Board's mandate. They may also recommend pursuit of specific legislation to advance the mandate of the Board or propose amendments or revisions to existing statutes for advancing same.
- **Public Education/Outreach Committee:** Members of the Public Education/Outreach Committee are responsible for the development of consumer outreach projects, including the Board's newsletter, website, e-government initiatives and outside organization presentations on public positions of the Board. These members may act as good will ambassadors and represent the Board at the invitation of outside organizations and programs. In all instances, members must only present positions of the Board and members do not express or opine on matters unless explicitly discussed and decided upon by the Board.

These committees meet only at publicly scheduled and noticed meetings and are subject to the Bagley-Keene Open Meetings Act.

The Board appoints an exempt Executive Officer (EO) to carry out the Board's mission and serves at its pleasure. The Board is funded entirely through license application, examination and biennial renewal fees, and receives no revenue from the State's General Fund.

Licensing Requirements

Candidates for licensure must meet the following requirements:

- Graduation from a Board-approved podiatric medical school and possession of a Certificate for Podiatric Medical Education representing a minimum of 4,000 hours of academic instruction.
- Satisfactory completion of two years of postgraduate medical and surgical training.
- Passage of Parts I, II and III of the national board exam for assessing candidate knowledge, competency and skills.
- Satisfactory completion of 50 hours of approved continuing medical education every two years.
- BPM is the only doctor-licensing Board in the US that requires DPMs to satisfactorily complete peer-reviewed performance-based continuing competency requirements over and above continuing medical education alone.

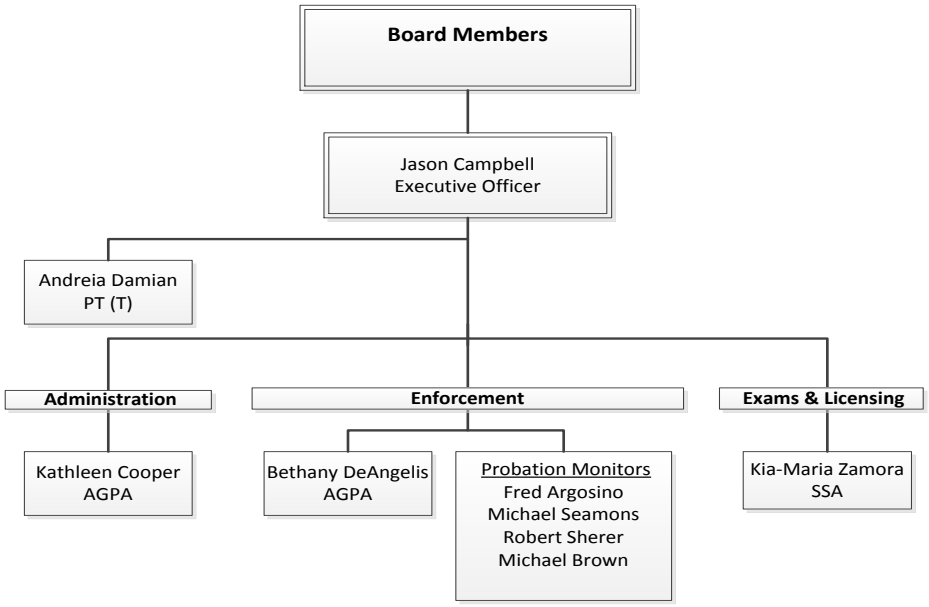
Board Functions and Staffing

The Board is authorized for 5.2 full-time positions and is currently staffed with the following five (5.0) positions displayed in Figure 1. The Board's exempt EO directs four civil service staff within the following functions:

- Executive Office: one Program Technician (PT)
- Administration: one Associate Governmental Program Analyst (AGPA)
- Enforcement: one AGPA Enforcement Coordinator oversees four temporary Probation Monitors (note: temporary positions are not funded as full-time positions)
- Exams & Licensing: one Staff Services Analyst (SSA) Exam & Licensing Coordinator

The organization chart shows the Board staff and functions as of September 2015.

Figure 1
Board of Podiatric Medicine



Scope, Objectives and Methodology

The scope of this engagement focused on a review of the Board's fee structure and staff workload that addressed the following project objectives:

- Perform an analysis of the Board's fee structure to determine if fee levels are sufficient for the recovery of the actual cost of conducting its programs.
- Determine a cost basis to assess other services provided by the Board when a separate fee is not provided.
- Assess and reveal any levels of subsidy or surplus existing between licensure groups such as individuals and facilities.
- Include the following elements in the fee audit analysis:
  - All fees and other revenues collected by the Board, as well as related expenditures and activities for a specific year.
    - Answer the following questions about rates of change and trends or predictions:

      1) DCA interagency charges

      2) Medical Board of California shared service agreement charges

      3) Attorney General's Office charges

      4) Office of Administrative Hearings

      5) Applicants per year

      6) Renewals per year

      7) Retirements per year
  - Project fees, revenues and associated costs and activities for the next five years. Review all aspects of the Board's fee structure, assessments of balancing fees collected, and program expenditure needs to prevent deficit funding for the Board.
  - Assess the activity and workloads for five employees at various time base and salary levels, correlating this data with work products (e.g., investigations, inspections, applications received and processed, licenses issued) to determine an hourly cost or cost per unit for the various Board activities and services.
- Prepare a written report of the findings and recommendations.

The study scope **did not** include developing a proposed revised revenue structure or justification.

The CPS methodology included:

- Conducted an on-site kickoff meeting;
- Conducted off-site document reviews of pertinent legislation, the Board strategic plan, fee schedule, online forms, multi-year Board financial information covering revenues and expenditures for five fiscal years FYs 2010-11 through 2014-15; organization chart and current staff duty statements.

- DCA policies, procedures, methodology, and rationale.
- Confirmed the completeness and accuracy of Board staff duty statements, including assigned work not being completed, and the business processes they are involved in.
- Analyzed revenues and expenditures for five fiscal years FYs 2010-11 through 2014-15 for various anomalies and trends to serve as the basis for projecting future revenues, expenses and fees required to recover the expenses.
- Prepared draft and final reports with recommendations for improvement.

Constraints and Data Qualifications

CPS relied on information received from Board and DCA management and staff, and reviews of unaudited information.

Acknowledgment

CPS wishes to thank all participants at the Board of Podiatric Medicine and the DCA Budget Office for their invaluable and timely contributions.

Study Results

The following presents the study findings and recommendations, including a discussion of licensee characteristics, staff tasks and workload by function, analysis of fee and non-fee schedule revenue, expense analysis, Board fund balance, and fee projections to cover estimated expenses.

Licensee Characteristics

An August 2015 analysis of licensee characteristics drawn from the BreEZe system shows there are currently 2,011 licensees, including 111 resident and 1,900 permanent. A resident license is issued to applicants during their residency training before a permanent license is issued. Resident and permanent licenses are issued to in and out-of-state applicants. Board licensees are from 34 states including California.

Of the licensees, 1,535 (76.3%) are male and 476 are female. The oldest licensee is 97 years old and the youngest is 25. There are 325 licensees (16.2%) age 65 or older. These records also show 130 retirees in the database (6.5% of total licensees).

More than 64% of the licensees are graduates of the California School of Podiatric Medicine at Samuel Merritt University, but there are licensees from all nine certified Podiatric Medicine colleges nationwide.

Staff Tasks and Workload

As the organization chart displays, Board staff tasks and workload is broken down into three areas: Administrative, Exams & Licensing, and Enforcement. The following work distribution charts display and discuss the work being performed and not getting completed by each staff member in these respective areas.

Board management claims all critical and essential function tasks are being performed in a timely manner and that only non-essential housekeeping tasks (e.g., filing, updating procedures, etc.) are pending. In addition, there are special projects such as the sunset report, this fee audit, and the BreEZe system implementation that reduce the amount of time available to address the non-essential tasks.

Administrative Staff Tasks and Workload

Work distribution chart (WDC) 1 shows the AGPA Administrative Analyst spends most of her time performing essential tasks concerning budget/fiscal control, administration, legislation and regulations, and minimal time for public relations.

Assigned work that is not getting completed in a timely manner are non-essential administrative tasks concerning inventorying contracts, updating personnel documents, and implementing records retention policies. Staff indicated the need for more public outreach resources.

WDC 1

AGPA Administrative Analyst

Critical duties are bolded		
Frequency: D = daily, W = weekly, M = monthly, Q = quarterly, A = annually, AS = as needed		
K. Cooper - AGPA Administrative Analyst		
Reports to: J. Campbell, EO	**# Auth Suprv**	**0**
Duties	**Freq**	**% Time**
Budget/Fiscal Control - prepares and presents various status reports, schedules, budget change proposals, deficiency requests, and major purchase justifications; oversight of revenues and expenditures; authorizes invoice payments and maintains revenue accounting and cashiering system; identifies budget deficiencies and cash flow problems; attends budget hearings.	D	25.0%
Administration - lead staff on administrative matters and oversees OT duties, coordinates on major contracts, responds to survey requests, directs office automation and other projects, serves as training coordinator and safety officer, assists EO with recruitment and personnel changes, attends EO quarterly meetings in absence of EO.	D	25.0%
Legislation - recommends amendments and language changes for EO approval, responds to legislative or departmental inquiries, monitors legislation on Board operations, attends legislative hearings in absence of EO, interprets board policies and promotes legislation.	D	20.0%
Regulations - drafts proposed regulatory language for review and approval, prepares regulatory notices and rulemaking packages, consults with legal on regulatory hearings, provides information on proposed regulatory changes to consumers and associations.	D	20.0%
Public Relations - maintains Board's web site, manages telephone information system, manages production of publications, staffs consumer advocacy	D	10.0%
Total Time %		100.0%
Work Not Getting Done		
Examine and inventory current and recent contract documents		
Assist EO with updating duty statements and personnel matters		
Implementing record retention policies on existing paper and electronic records		

Work distribution chart (WDC) 2 shows the Program Technician spends most of her time supporting the licensing and enforcement programs as well as performing key office and personnel support tasks.

Assigned work that is not getting completed in a timely manner are non-essential administrative tasks concerning system and file room cleanup and webcast research.

WDC 2
Program Technician

Critical duties are bolded		
Frequency: D = daily, W = weekly, M = monthly, Q = quarterly, A = annually, AS = as needed		
A. Damian - Program Technician		
Reports to: J. Campbell, EO	**# Auth**	**0**
Duties	**Freq**	**% Time**
Licensing Program Support - assists Licensing Coordinator with various tasks including reviewing license applications and renewals, responds to licensees and general public, maintains cashiering system to process license and exam fees, updates information in BreEZe system, tracks and files licensing files.	D	35.0%
Enforcement Program Support - assists Enforcement Coordinator with various tasks including assisting in the investigative process to gather reports, court documents and case exhibits, monitoring cost recovery and processing enforcement payments, and tracking cases sent to the AGO.	D	30.0%
Office Equipment & File Management/copying - maintain office management systems such interoffice memos & procedures, DCA personnel procedures, procurement & contracts and weekly correspondence to Board members and others; prepares purchasing documents; maintains office supply inventory.	D	20.0%
Reception - answers phones, transfers calls, takes messages.	D	5.0%
Mail Services - assembles and prepares materials for shipping, opens and distributes mail, copies and sorts documents.	D	5.0%
Personnel/Staff Support - prepares payroll documents and travel claims for EO review; processes HR transactions, arranges travel and hotel reservations for staff, board members and exam commissioners.	D	5.0%
Total Time %		100.0%
Work Not Getting Done		
G Drive Clean Up	5%	
Webcast Research	5%	
File Room Clean Up	5%	

Recommendation

1. BPM management should consider adding resources (up to the remaining authorized 0.2 full-time equivalent) to provide support in the public outreach program.

Exams & Licensing Staff Tasks and Workload

Work distribution chart (WDC) 3 shows the SSA Licensing Coordinator spends most of her time performing essential tasks concerning licensing and BreEZe production maintenance support, in addition to conducting the continuing competence and continuing education program, doing statistical analysis, research and reporting, providing administrative support to Board members.

Assigned work that is not getting completed in a timely manner are non-essential administrative tasks concerning records and file maintenance, updating forms, letters and manuals.

WDC 3

SSA Licensing Coordinator

Critical duties are bolded		
Frequency: D = daily, W = weekly, M = monthly, Q = quarterly, A = annually, AS = as needed		
K-M. Zamora – SSA Licensing Coordinator		
Reports to: J. Campbell, EO	**# Auth Suprv**	**0**
Duties	**Freq**	**% Time**
Licensing Program - *(General 35%)* responds to inquiries from applicants, medical professionals, and agencies to clarify licensing requirements and processes; provide analysis and recommendations on all licensing issues; monitor legislative and regulatory updates and recommend program modifications or amendments to laws and regulations; develop forms and publications; drafts and presents policy improvement recommendations. *(Application Review 25%)* reviews licensing applications and verifies requirements have been met, evaluates applications including criminal history and recommends for further review/investigation as warranted, recommends improvements to licensing committees, interprets regulations and analyzes impact of amendments for regulatory hearings. *(Exam Liaison 5%)* works with NBPME on exam administration and score transmittal, assists with exam validation studies and exam appeal process.	**D**	**50.0%**
BreEZe Production Maintenance Support - identify system production issues, create triage reports, reports issues to DCA OIS, provide system analysis and documentation to support the issues, propose solutions, work with operations and user groups to resolve issues; attend user group meetings; conduct user acceptance testing; and conduct regression testing as needed.	**D**	**20.0%**
Continuing Competence and Continuing Education Program - evaluates renewal forms for Continuing Competence requirements and guides DPMs with waivers, approves continuing medical education providers, conducts CME audits and recommends on cases of noncompliance.	**D**	**15.0%**
Statistical Analysis, Research and Reporting - compiles statistical reports of licensing and exam data for DCA, external agencies, and the Sunset Review Report; presents statistical reports to Board members.	**AS**	**10.0%**
Administrative Support - provides staff support to Board Members on licensing projects and represents the Board at medical events with outreach materials.	**AS**	**5.0%**
Total Time %		**100.0%**
Work Not Getting Done		
File Maintenance - such as filing Record Retention Schedule maintenance.		
Updating BPM forms revisions for in-house and public use.		
Updating BPM letters.		
Create new letters.		
Updating the Licensing Manual - including purging outdated licensing documents and information.		

Licensing Activity

Table 1 displays the applications received, initial licenses issued, licenses renewed and total licenses for FY's 2010-11 through 2014-15 for the license categories of Doctor of Podiatric Medicine (DPM), fee-exempt license, and resident status license. The table reveals licenses for DPMs comprise almost 81.2% of all active licenses with a five-year average of 66 initial licenses per year. The total number of initial licenses of all kinds has averaged 120 per year. Except for fee-exempt licenses, licensing applications received, issued and renewed have been relatively stable over the five fiscal-year period for DPMs and resident licenses. It is important to note the initial license is good for up to two years (renewals occur on birthdays) and renewal licenses are good for two years (biennial). This is typical as most DCA Boards, Bureaus and Commissions renew on a biennial basis.

Table 1
Board of Podiatric Medicine Licensing Activity

License Type	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	Total	5 Yr Avg	% Total	% Apps	% Issued	% Renewed
Doctor Podiatric Medicine											
Apps Received	61	64	69	60	69	323	**65**		53.7%		
Initial Licenses Issued	58	61	66	77	69	331	**66**			54.9%	
Licenses Renewed	894	948	881	1,027	1,081	4,831	**966**				85.2%
Active Licenses*	***1,919***	***1,945***	***1,955***	***1,687***	***1,945***	9,451	**1,890**	**81.2%**			
Fee Exempt											
Apps Received	15	12	16	3	12	58	**12**		9.7%		
Initial Licenses Issued	15	12	16	2	12	57	**11**			9.5%	
Licenses Renewed	76	96	75	124	81	452	**90**				8.0%
Active Licenses*	**206**	**199**	**200**	**479**	**504**	1,588	**318**	**13.7%**			
Resident Status License											
Apps Received	44	36	45	51	44	220	**44**		36.6%		
Initial Licenses Issued	44	36	45	47	43	215	**43**			35.7%	
Licenses Renewed	73	80	76	75	80	384	**77**				6.8%
Active Licenses*	**117**	**116**	**121**	**122**	**118**	594	**119**	**5.1%**			
Total Active Licenses	**2,242**	**2,260**	**2,276**	**2,288**	**2,567**	11,633	**2,327**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Source: Board of Podiatric Medicine

The Licensing Coordinator reports all application type processing times are the same and contingent upon receiving all the documents that meet the requirements in a timely manner. Processing a new application, including document review and BreEZe data entry, takes about one hour per application. Processing documents for an application already on file can take up to 30 minutes. Calls made to applicants for licensure information can range from up to 10 minutes. Therefore, total application unit processing time is approximately 75 minutes. The average completion time for the entire process is approximately 24 days. This is primarily driven by the applicant's ability to timely submit required documentation to BPM. After all requirements are met, BPM issues licenses on the same day. There is no backlog for any application type.

Licensing renewals can take from three to seven business days depending on all requirements being met and where they are received. Average processing time, including document review and BreEZe data entry, can take up to 30 minutes. Licensing renewals mailed directly to the BPM PO Box are processed through DCA Cashiering in three to five business days. If mailed directly to BPM, the process can take from five to seven business days because of the lost routing time to DCA Cashiering.

Effects of Retirees

The BPM licensing database shows 130 current retirees with an average age of almost 64 years old, but there are 325 licensees (16.2%) age 65 or older. An analysis of measures of central tendency shows the average age these licensees retired is 64, the mode age (age most retired at) is 62, and the median age (age in the middle of the distribution – 50% and 50% below) is 64.

The retirees were licensed an average of 44 years which represents an approximate licensee lifetime value of $20,064 (22 years x $912).

Table 2 shows over the last five fiscal years there have been 46 retirees, with almost half retiring in FY 2013-14, for a five-year average of about nine per fiscal year. Based on the current age distribution of retirees, CPS projects that over the next five fiscal years up to 367 licensees (or 73 per year) that turn age 65 may retire.

Table 2
Board of Podiatric Medicine Retirement Activity

	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	Total	5 yr Avg
Retirees	3	5	9	20	9	46	9.2

Source: Board of Podiatric Medicine

Enforcement Staff Tasks and Workload

Work distribution chart (WDC) 4 shows the AGPA Enforcement Coordinator spends most of her time performing essential tasks concerning disciplinary case review, enforcement consultation and coordination, and managing the probation program. The incumbent also conducts research, prepares reports, policies and procedures, attends committee and Board meetings, and oversees the complaint, citation and fine program.

Assigned work that is not getting completed in a timely manner are non-essential administrative tasks concerning records and file maintenance; updating logs, spreadsheets and manuals; and participating in special projects.

WDC 4

AGPA Enforcement Coordinator

Critical duties are bolded		
Frequency: D = daily, W = weekly, M = monthly, Q = quarterly, A = annually, AS = as needed		
B. DeAngelis - AGPA Enforcement Coordinator		
Reports to: J. Campbell, EO	**Auth Supr**	**0**
Duties	**Freq**	**% Time**
Disciplinary Case Review - reviews case activity reports and complaint referrals from the MBC, advises MBC on legal issues and Board policy; provides guidance to MBC investigators on Expert Consultant selection and case management procedures; consults with SMEs to develop disciplinary recommendations; makes recommendations to the Board and EO in the resolution of disciplinary case matters; maintains files and tracking system of enforcement cases being reviewed by the OAG.	D	25.0%
Enforcement Consultation and Coordination - coordinates case activities between the Board, DCA, and OAG, advises OAG legal staff on various disciplinary documents and decisions; tracks cases and advises OAG staff on investigative history, reviews final investigative reports to determine violations, assists MBC investigators with gathering court documents and case exhibits; advises MBC investigators and Expert Consultants on case reports, works with OAG to file accusations; advises legal staff on enforcement issues; conducts Expert Consultant training workshops, maintains BPM Enforcement Manual, conducts consultant meetings.	D	25.0%
Probation Program - manages probation program and assigns case files, assists with annual invoices to probationers, provides case data to Probation Monitors; assists in appointing Expert Consultants, monitors probation monitoring terms, advises Probation Monitors on cases, advises the Board and DAGs on probation terms/conditions; advises OAG on probation cases and serves as SME to Probation Monitors on investigations with recommendations for disciplinary actions and fines; initiates new probation case files for Probation Program Coordinator to prepare case file packages, monitors case status and reviews quarterly reports.	D	25.0%
Enforcement Research, Correspondence and System Development - prepares quarterly reports on enforcement data, reports disciplinary actions to national data banks and prepares reports for DCA and other agencies, oversees CAS enhancements and analyzies impact of system changes; recommends new policies, procedures and amendments to statutory and regulatory language.	Q	10.0%
Meetings and Hearings - attends Board and Committee meetings to obtain poicy decisions and provide information on enforcement program issues; attends administrative hearings and enforcement user meetings.	AS	10.0%
Citation and Fine Program - analyzes complaints, issues citation packages, conducts citation interviews, ensures deadline compliance, oversees appeal process, prepares recommendation reports.	AS	5.0%
Total Time %		**100.0%**
Work Not Getting Done		
Update and enhance Enforcement Program Desk Manual	5%	
Probation internal record-keeping, BreEze updates, tracking log/spreadsheet updates	5%	
File purging/email clean-up	5%	
Other special projects	5%	

Enforcement Activity

Table 3a shows the complaints received, closed without investigation, referred to investigation and pending for FY's 2010-11 through 2014-15. The table indicates complaints have been stable over the five fiscal-year period. There are three types of enforcement cases: 1) complaints received directly from the public; 2) complaints stewarded through the investigation process; and 3) formal discipline cases initiated by BPM as a result of an investigation recommendation. These tasks account for up to four to five hours (50 - 60%) a day of the Enforcement Coordinator's available time.

The Enforcement Coordinator reports BPM rarely receives a complaint directly from the public, but when it does, the incumbent's role is limited to up to 30 minutes a day. In most cases, the Medical Board of California Central Complaint Unit (MBC CCU) investigates complaints under a shared services agreement with BPM.

Table 3a
Board of Podiatric Medicine Complaint Intake Activity

Consumer Complaints	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Received	90	125	122	123	134
Closed without investigation	0	0	0	0	0
Referred for investigation	86	125	124	121	131
Pending	0	3	1	0	3

Source: Board of Podiatric Medicine

In complaints stewarded through the investigation process, the Enforcement Coordinator plays a variable role depending on case complexity that can range up to two hours per day. Tasks include, but are not limited to, obtaining consultants, consultant and investigator correspondence; preparing Letters of Reprimand, Citation & Fines, Statement of Issue Orders, and other documents.

In formal discipline cases, the Enforcement Coordinator may prepare Probation Violations for the Attorney General and perform other pertinent tasks that can range up to two hours a day.

The complaint processing standard of assigning complaints at intake is nine days as established by the DCA Performance Metrics as part of the Consumer Protection Enforcement Initiative. Currently, MBC CCU is assigning complaints on an average of 12 days. MBC reports a backlog at the complaint investigation stage but not at the intake and assignment stage.

The Board does not have an internal processing standard for C&Fs at this time. C&Fs are issued as soon as a recommendation for action is received and an executive decision is made to move forward with the citation based on the medical evaluation of the case. Once a citation is issued there are timelines for responses to the citations and arranging informal conferences or appeals. The Enforcement Coordinator reports there is not a citation backlog.

Table 3b shows the citations issued, with fines, withdrawn, dismissed and average days to issue for FY's 2010-11 through 2014-15. The table indicates low, stable activity over the last three fiscal years only and the average days to issue a citation have been reduced by more than 234% (from 827 to 364 days) since FY 2012-13.

Table 3b
Board of Podiatric Medicine Citations and Fines

Citations and Fines	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15
Issued	0	0	2	5	5
Issued with a fine	0	0	2	5	5
Withdrawn	0	0	0	3	1
Dismissed	0	0	0	1	0
Average days to issue	***0***	***0***	***827***	***608***	***354***

Source: Board of Podiatric Medicine

Revenue Analysis

Table 4 shows the Board's existing fee schedule displayed on BPM's website. The Biennial License Renewal fee was permanently increased to $900 in 2004, but the other scheduled service fees have not changed since 1989. As a result, most of the fees on the schedule do not reflect many years of inflation or cost of living increases that directly impact the cost of the services provided.

Table 4
Board of Podiatric Medicine Existing Fee Schedule

Fee Type	Fee
Application	$20
Fingerprint (DOJ)	$32
Fingerprint (FBI)	$17
Resident's License	$60
Resident's License Renewal	No Fee
Biennial Initial License/Certification	$900
Biennial License Renewal/CURES fee*	$912
Duplicate License	$40
Letter of Good Standing	$30
CME Course Approval	$100
Delinquent after 30 days	$150
Delinquent after 90 days	$450

* Controlled Substance Utilization Review and Evaluation System[1]

However, Table 4 does not accurately reflect all the fees a BPM applicant may be charged. This topic is addressed at the end of this report.

Based on the existing fee schedule, Table 5 summarizes the renewal licenses cycles and fee ranges of 36 DCA Boards/Bureaus, including BPM (see Appendix A for the complete list). The

[1] CURES 2.0 is an upgraded system for monitoring prescription drugs that went live on July 1, 2015.

table reveals 83% of DCA Boards/Bureaus renew on a biennial cycle (including BPM). Annual renewal fees range from $125 to $700. Biennial fees range from $50 to $900. The Structural Pest Board charges the lone triennial fee of $120.

Table 5
Summary of DCA Board/Bureau Renewal License Cycles and Fees

# of Boards/Bureaus	Renewal Cycle	Fee Range
5	Annual	$125 to $700
30 (including BPM)	Biennial	$50 to $900
1	Triennial	$120

Source: DCA Budget Office

Table 6 shows the Board's revenue sources include fee schedule income and non-fee schedule income for the last five fiscal years. Fee schedule income represents approximately 98.2% of all income. License renewal fees have consistently been the largest revenue source. Non-fee schedule revenues have accounted for 1.8% of income over this period.

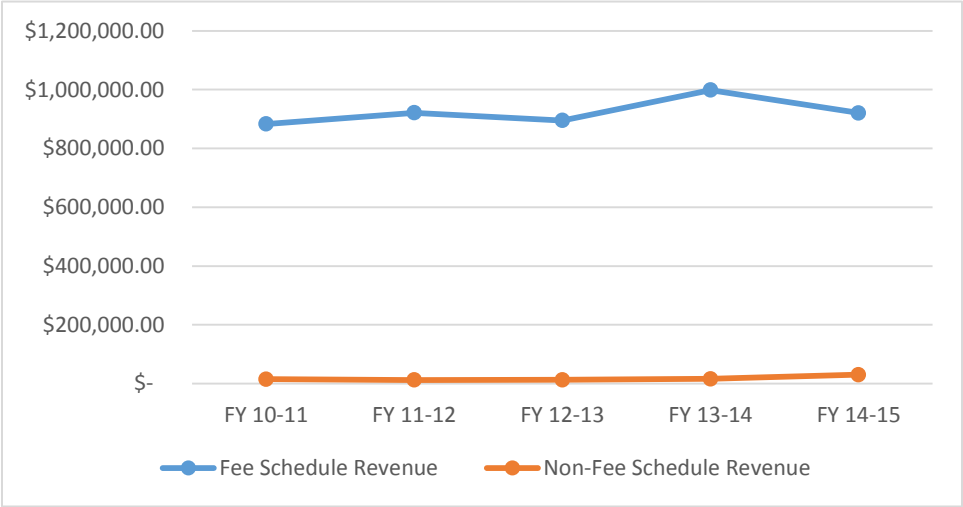
Table 6
Board of Podiatric Medicine Revenue Sources and Income
FY's 2010-11 through 2014-15

DESCRIPTION	2010-11	2011-12	2012-13	2013-14	2014-15	Totals	Avg	% Total
Fee Schedule Revenue	$ 883,615.90	$ 921,468.29	$ 895,215.90	$ 997,251.38	$ 921,154.18	$ 4,618,705.65	$ 923,741.13	98.2%
Non-Fee Schedule Revenue	$ 15,115.90	$ 12,088.29	$ 12,752.90	$ 16,105.38	$ 30,318.06	$ 86,380.53	$ 17,276.11	1.8%
Total Income	**$ 898,731.80**	**$ 933,556.58**	**$ 907,968.80**	**$ 1,013,356.76**	**$ 951,472.24**	**$ 4,705,086.18**	**$ 941,017.24**	**100.0%**

Source: Board of Podiatric Medicine

Figure 2 below graphically displays the Board's revenue sources and income trends from FY 2010-11 through FY 2014-15.

Figure 2
Board Revenue Sources and Income Trends and Analysis
FY's 2010/11 through 2014/15



Fee Schedule Revenue

Table 7 details and summarizes the Board Fee Schedule income for FY's 2010-11 through 2014-15. At 92.2%, the table shows the combined Biennial Podiatrist renewal fees (schedule 8 items) have consistently been the Board's primary revenue driver. The same holds true for combined initial Podiatry license and National Podiatry Board certificate fees (schedule 7 items), which at 6.3% of total income make up the Board's second largest revenue driver at 6.3%.

Table 7
Board of Podiatric Medicine Fee Schedule Income Summary
FY's 2010-11 through 2014-2015

Sched	DESCRIPTION	2010-11	2011-12	2012-13	2013-14	2014-15	Totals	Avg	% Total
8	BIENNIAL RENEWAL-PODIATRIST $900	$808,100.00	$844,200.00	$812,700.00	$894,888.00	$805,718.00	$4,165,606.00	$833,121.20	91.9%
7	INITIAL LICENSE - PODIATRY - 800	44,800.00	48,800.00	52,000.00	56,000.00	54,380.00	255,980.00	51,196.00	5.6%
7	NAT BOARD CERT-PODIATRY- 100.00	5,600.00	6,100.00	6,500.00	7,147.00	7,301.00	32,648.00	6,529.60	0.7%
8	CURES BIEN CONTRIBUTION-$12.00	0.00	0.00	0.00	2,736.00	11,664.12	14,400.12	2,880.02	0.3%
4	LIMITED LICENSE FEE - POD - 60.0	2,400.00	2,400.00	2,400.00	3,049.00	2,820.00	13,069.00	2,613.80	0.3%
8	BIENNIAL RENEWAL-PODIATRIST 800	0.00	0.00	0.00	10,807.00	0.00	10,807.00	2,161.40	0.2%
13	PENALTY FEE - POD - VAR	1,350.00	1,800.00	2,700.00	1,800.00	3,125.00	10,775.00	2,155.00	0.2%
12	DELINQUENCY FEE - PODCORP. - 150	1,650.00	1,350.00	1,650.00	1,800.00	1,650.00	8,100.00	1,620.00	0.2%
1	APP FEE - PODIATRY - 20.00	1,340.00	1,560.00	1,633.00	1,660.00	1,680.00	7,873.00	1,574.60	0.2%
10	LETTER OF GOOD STANDING - 30.00	1,470.00	1,830.00	1,740.00	1,470.00	1,320.00	7,830.00	1,566.00	0.2%
9	DUPLICATE RENEWAL RECEIPT - 40.0	1,190.00	920.00	800.00	280.00	0.00	3,190.00	638.00	0.1%
9	DUPLICATE LICENSE/CERT - 40.00	0.00	0.00	0.00	560.00	940.00	1,500.00	300.00	0.0%
11	CME - COURSE APPROVAL - $100.00	200.00	100.00	100.00	100.00	0.00	500.00	100.00	0.0%
	TOTALS	**$868,100.00**	**$909,060.00**	**$882,223.00**	**$982,297.00**	**$890,598.12**	**$4,532,278.12**	**$906,455.62**	**100.0%**

Source: CalSTARS reports for Board of Podiatric Medicine

** pre-BreEZe fees appeared under Accounting fee code 6M for FY 10/11 through the first part of FY13/14; post-BreEZe fees appear under Accounting fee code 6L FY 13/14 - 14/15. BPM currently does not charge $40 for a Duplicate Renewal Receipt but does for a Duplicate License/Certificate.

As the table illustrates, both of these combined income sources have been relatively stable with both hitting highs in FY 2013-14 and both dipping in FY 2014-15. Over the five-fiscal year period, combined Biennial Podiatrist renewal fees (schedule 8) have averaged $838,163 per year and the combined initial licenses fees (schedule 7) $57,726 per year. Other minor fees for penalty and delinquency fees, podiatry application fees, and duplicate renewal and license certificate fees comprise the remaining 1.5% of fee schedule revenue.

Non-Fee Schedule Revenue

Table 8 details and summarizes the Board Non-Fee Schedule income for FY's 2010-11 through 2014-15. Income from fictitious name renewals and permits, and surplus money investment represent 66.4% of these revenues and were relatively consistent over the period. However, income from other miscellaneous sources such as suspended revenue, citation fees, and cancelled warrants was inconsistent from year to year.

Table 8
Board of Podiatric Medicine Non-Fee Schedule Income Summary
FY's 2010-11 through 2014-2015

DESCRIPTION	2010-11	2011-12	2012-13	2013-14	2014-15	Totals	Avg	% Total
FICT NAME REN. - POD CORP. - 40.	6,960.00	6,680.00	6,760.00	7,040.00	6,320.00	33,760.00	6,752.00	39.1%
SUSPENDED REVENUE	0.00	0.00	0.00	6,508.00	15,778.98	22,286.98	4,457.40	25.8%
INCOME FROM SURPLUS MONEY INVESTM	4,855.90	3,438.29	2,802.90	2,468.38	2,821.08	16,386.55	3,277.31	19.0%
FICT NAME PERMIT - PODIATRY CORP.	1,500.00	1,250.00	1,250.00	1,600.00	1,550.00	7,150.00	1,430.00	8.3%
CITATION FEE - PODIATRY - VAR	1,600.00	500.00	0.00	300.00	3,500.00	5,900.00	1,180.00	6.8%
REVENUE CANCELLED WARRANTS	0.00	0.00	1,800.00	0.00	1,050.00	2,850.00	570.00	3.3%
DELI. RENEWAL - FICT NAME - POD -	200.00	220.00	140.00	60.00	220.00	840.00	168.00	1.0%
ATTORNEY GENERAL PROCEEDS OF ANTI	0.00	0.00	0.00	0.00	78.00	78.00	15.60	0.1%
PRIOR YEAR REVENUE ADJUSTMENT	0.00	0.00	0.00	-1,871.00	-1,000.00	-2,871.00	-574.20	-3.3%
TOTALS	**15,115.90**	**12,088.29**	**12,752.90**	**16,105.38**	**30,318.06**	**86,380.53**	**17,276.11**	**100.0%**

Source: CalSTARS reports for Board of Podiatric Medicine

Unscheduled Reimbursement

Unscheduled reimbursements are unplanned and treated as an offset to total actual expenditures rather than as revenue. Table 9 details and summarizes this category and shows unscheduled investigative cost recovery consistently accounted for 91.2% of these funds over the five-fiscal year period. Fingerprint reimbursement offset fingerprint expenses. Other offsetting funds include external private grants, and DCA account fees for dishonored checks, over and short fees, and miscellaneous services to the general public. Over the five-fiscal year period, these account fees have been inconsistent from year to year and have resulted in minimal income.

Table 9
Board of Podiatric Medicine Unscheduled Reimbursement Summary
FY's 2010-11 through 2014-2015

DESCRIPTION	2010-11	2011-12	2012-13	2013-14	2014-15	Totals	Avg	% Total
UNSCHED-INVESTIGATIVE COST RECOVE	58,198.39	70,113.54	57,380.77	72,020.75	59,899.71	317,613.16	63,522.63	91.2%
FINGERPRINT REPORTS	3,366.00	3,845.00	4,020.00	3,871.00	3,773.00	18,875.00	3,775.00	5.4%
EXTERNAL/PRIVATE/GRANT	3,175.00	3,135.00	1,195.00	1,645.00	2,115.00	11,265.00	2,253.00	3.2%
DISHONORED CHECK FEE-VAR	25.00	100.00	25.00	75.00	100.00	325.00	65.00	0.1%
OVER/SHORT FEES	180.00	53.00	-50.00	4.00	0.09	187.09	37.42	0.1%
MISC. SER TO PUBLIC - GENERAL	11.00	0.00	52.00	85.00	0.00	148.00	29.60	0.0%
Totals	**64,955.39**	**77,246.54**	**62,622.77**	**77,700.75**	**65,887.80**	**348,413.25**	**69,682.65**	**100.0%**

Source: CalSTARS reports for Board of Podiatric Medicine

Expense Analysis

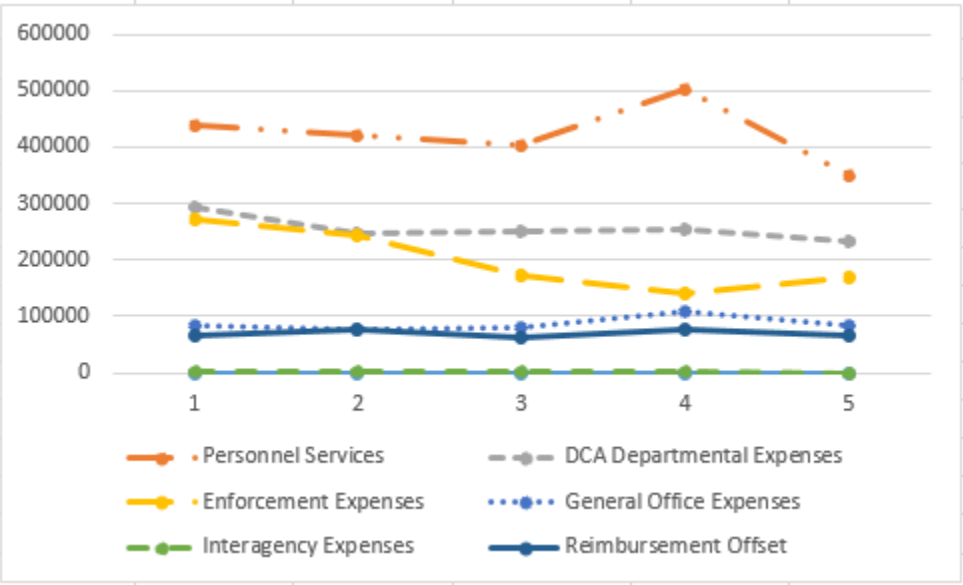
Table 10 summarizes and Figure 3 graphically displays the Board's expenses for FYs 2010-11 through 2014-15 by BPM's major budget categories: Personnel Services, Operating Expense and Equipment, and offsetting Reimbursements.

Table 10
Board of Podiatric Medicine Expense Summary
FY's 2010-11 through 2014-2015

Description	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	5 FY Totals	Avg/Yr	% Total Exp
Personnel Services								
Salaries & Wages	$319,264.55	$310,461.24	$290,272.75	$371,347.19	$242,000.18	$1,533,345.91	$306,669.18	31.7%
Staff Benefits	118,858.14	109,441.08	113,643.53	130,122.07	107,048.01	579,112.83	115,822.57	12.0%
Salaries & Benefits	**$438,122.69**	**$419,902.32**	**$403,916.28**	**$501,469.26**	**$349,048.19**	**$2,112,458.74**	**$422,491.75**	**43.7%**
Operating Expenses & Equipment								
DCA Departmental Expenses	$294,446.07	$248,125.76	$249,082.93	$252,770.64	$232,174.36	$1,276,599.76	$255,319.95	26.4%
Enforcement Expenses	273,476.14	244,925.71	172,588.70	140,749.75	169,425.83	1,001,166.13	200,233.23	20.7%
General Office Expenses	83,607.30	78,328.30	80,330.54	108,692.67	84,222.40	435,181.21	87,036.24	9.0%
Interagency Expenses	2,546.68	1,396.73	758.14	647.00	0.00	5,348.55	1,069.71	0.1%
Subtotals	**$654,076.19**	**$572,776.50**	**$502,760.31**	**$502,860.06**	**$485,822.59**	**$2,718,295.65**	**$543,659.13**	**56.3%**
Total Expenses	**$1,092,198.88**	**$992,678.82**	**$906,676.59**	**$1,004,329.32**	**$834,870.78**	**$4,830,754.39**	**$966,150.88**	**100.0%**
Reimbursement Offset	64,955.39	77,246.54	62,622.77	77,700.75	65,887.80	348,413.25	69,682.65	
Net Expenses	***$1,027,243.49***	***$915,432.28***	***$844,053.82***	***$926,628.57***	***$768,982.98***	***$4,482,341.14***	***$896,468.23***	

Source: CalSTARS reports for Board of Podiatric Medicine

Figure 3
Board of Podiatric Medicine Expense Trends and Analysis
FY's 2010-11 through 2014-2015



Following presents more detailed analyses of each major budget category.

Personnel Services Expenses

Table 11 details and summarize Board Personnel Services expenses; the Board's largest recurring expense. They have averaged about 43.7% of total costs over the last five fiscal years. This expense category covers exempt, civil service and temporary employee salaries and wages, overtime, Board member compensation, and various employee benefits. The highest salary, wage and benefit year was FY 2013-14 at $501,469. In contrast, in FY 2014-15 the Board spent the lowest amount for salaries & wages at $349,048. This is due in part to reduced staffing during part of the year and no large extraordinary payments (which were made in the prior fiscal year).

Table 11
Board of Podiatric Personnel Services Expense Summary
FY's 2010-11 through 2014-2015

Description	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	5 FY Totals	Avg/Yr	% Total Exp
Salaries & Wages								
CIVIL SERVICE-PERM	$202,394.22	$202,653.77	$188,035.36	$258,273.91	$148,990.60	$1,000,347.86	$200,069.57	20.7%
STATUTORY-EXEMPT	76,384.68	80,473.32	77,955.96	84,180.00	76,450.00	395,443.96	79,088.79	8.2%
TEMP HELP (907)	32,685.65	21,834.15	16,381.43	13,103.58	13,059.82	97,064.63	19,412.93	2.0%
BD/COMMSN (901,920)	7,800.00	5,500.00	7,900.00	9,100.00	3,500.00	33,800.00	6,760.00	0.7%
OVERTIME	0.00	0.00	0.00	6,689.70	0.00	6,689.70	1,337.94	0.1%
Subtotal	***$319,264.55***	***$310,461.24***	***$290,272.75***	***$371,347.19***	***$242,000.42***	**$1,533,346.15**	**$306,669.23**	**31.7%**
Staff Benefits								
RETIREMENT	$51,733.98	$50,695.31	$54,528.84	$62,423.00	$50,734.64	$270,115.77	$54,023.15	5.6%
HEALTH/WELFARE INS	33,709.87	25,554.02	26,468.86	28,005.91	29,032.45	142,771.11	28,554.22	3.0%
OASDI	16,636.84	17,141.53	16,123.23	18,100.18	12,451.98	80,453.76	16,090.75	1.7%
OTHER-STAFF BENEFITS	7,888.99	8,243.85	8,659.66	8,911.61	6,475.71	40,179.82	8,035.96	0.8%
MEDICARE TAXATION	4,477.84	4,377.83	4,107.61	4,529.40	3,366.81	20,859.49	4,171.90	0.4%
DENTAL INSURANCE	2,510.34	1,799.93	1,754.52	1,985.95	1,472.93	9,523.67	1,904.73	0.2%
SCIF ALLOCATION COST	1,383.00	1,073.00	1,514.00	1,677.00	1,526.00	7,173.00	1,434.60	0.1%
STAFF BENEFITS	0.00	42.14	15.21	4,008.78	1,017.93	5,084.06	1,016.81	0.1%
VISION CARE	417.08	414.72	388.80	397.44	250.56	1,868.60	373.72	0.0%
TRANSIT DISCOUNT	0.00	0.00	0.00	0.00	650.00	650.00	130.00	0.0%
LIFE INSURANCE	100.20	98.75	82.80	82.80	69.00	433.55	86.71	0.0%
Subtotal	***$118,858.14***	***$109,441.08***	***$113,643.53***	***$130,122.07***	***$107,048.01***	**$579,112.83**	**$115,822.57**	**12.0%**
TOTALS	**$438,122.69**	**$419,902.32**	**$403,916.28**	**$501,469.26**	**$349,048.43**	**$2,112,458.98**	**$422,491.80**	**43.7%**

Source: CalSTARS reports for Board of Podiatric Medicine

DCA Departmental Allocated Expenses

Table 12 summarizes the Board's DCA Departmental Allocated Expenses for FYs 2010-11 through 2014-15. At a five fiscal-year average of 26.6% of total expenditures, these activities are the Board's second largest recurring expense and include all of DCA services allocated and/or charged on a pro rata basis to cover the cost of DCA operations. Depending on the service or DCA department or division charging the service, DCA allocates or charges these expenses to BPM annually on the basis of authorized positions or workload unit consumed. The table shows most line item charges have been relatively stable over time.

Costs that have routinely represented most of BPM's allocated costs are DOI investigative services, DCA pro rata overall, indirect distribution, Office of Information Services (OIS) pro rata, and MBC shared investigative services. All of these cost items have experienced swings up and down of approximately 20% over the five-fiscal year per period, but the average expenses have been relatively consistent. DOI investigative services and MBC shared service costs decreased substantially in FY 2014-15. MCC shared service costs have been declining the last three fiscal years while the other three expenses have increased from 2% to 12%.

Table 12
Board of Podiatric Medicine DCA Departmental Allocated Expense Summary
FY's 2010-11 through 2014-2015

Description	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	5 FY Totals	Avg/Yr	% Total Exp
DOI INVEST SVS-MBC ONLY	$104,400.00	$55,078.00	$53,912.00	$56,746.00	$33,722.00	$337,580.00	$67,516.00	6.0%
PRO RATA	45,061.00	54,139.00	63,349.00	46,006.78	47,324.00	303,203.78	60,640.76	5.4%
INDIRECT DISTRB COST	46,355.00	42,417.00	42,321.00	53,052.00	59,063.00	302,271.00	60,454.20	5.3%
OIS PRO RATA	42,678.00	41,010.00	42,877.00	49,030.00	55,110.00	285,815.00	57,163.00	5.0%
SHARED SVS-MBC ONLY	43,036.00	44,469.00	35,226.00	38,680.00	26,991.00	215,393.00	43,078.60	3.8%
PUBLIC AFFAIRS PRO R	3,272.00	2,850.00	2,199.00	1,956.00	2,065.00	14,407.00	2,881.40	0.3%
CCED PRO RATA	2,125.00	2,955.00	2,917.00	1,934.00	1,997.00	13,925.00	2,785.00	0.2%
ALLOCATED POSTAGE-DC	1,247.20	1,037.02	1,537.13	1,850.49	2,181.14	10,034.12	2,006.82	0.2%
DOI - PRO RATA	1,539.00	1,427.00	1,776.00	1,693.00	1,780.00	9,995.00	1,999.00	0.2%
ADMIN OVERHEAD-OTHR	1,307.33	881.06	970.63	1,400.88	1,495.72	7,551.34	1,510.27	0.1%
ALLOCATED COPY COSTS	2,288.06	673.52	842.76	51.50	445.50	4,746.84	949.37	0.1%
ALLOCATED POSTAGE-ED	1,137.48	1,189.16	1,155.41	369.99	0.00	3,852.04	770.41	0.1%
TOTALS	**$294,446.07**	**$248,125.76**	**$249,082.93**	**$252,770.64**	**$232,174.36**	**$1,508,774.12**	**$301,754.82**	**26.6%**

Source: CalSTARS reports for Board of Podiatric Medicine

Enforcement Expenses

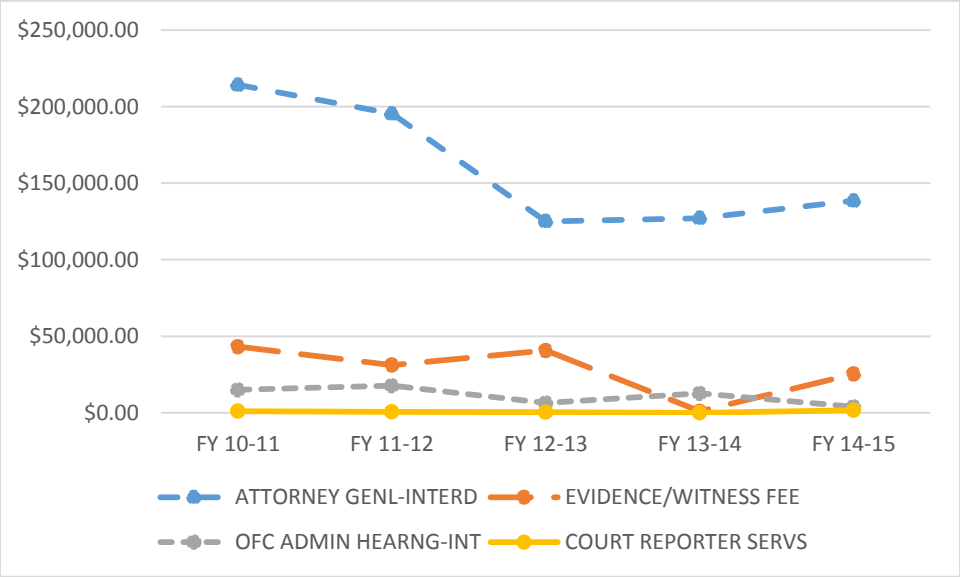
Table 13 summarizes and Figure 4 graphically displays the Board's expenses for Enforcement activities for FYs 2010-11 through 2014-15. These activities include interdepartmental services from the Attorney General's Office, evidence/witness fees, Office of Administrative Hearings interdepartmental services, and court reporter services. Collectively, at 20.7% of total expenses, Enforcement Expenses have consistently been the Board's third largest recurring expense. However, at 16.6%, Attorney General expenses have consistently been the Board's highest enforcement expense followed by evidence/witness fees, and the Office of Administrative Hearings. However, BPM has experienced large expense swings for each of the services. For example, in FY 2014-15, Attorney General expenses fell 35% since their high cost in FY 2010-11. The last three fiscal years Attorney General expenses have been significantly less than their five fiscal-year average. Costs for the Office of Administrative Hearing have also dropped significantly over time.

Table 13
Board of Podiatric Medicine Enforcement Expense Summary
FY's 2010-11 through 2014-2015

Description	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	5 FY Totals	Avg/Yr	% Total Exp
ATTORNEY GENL-INTERD	$214,127.20	$195,370.25	$124,999.00	$127,058.75	$138,523.75	$938,602.70	$187,720.54	16.6%
EVIDENCE/WITNESS FEE	43,191.44	31,211.46	40,685.70	1,029.00	25,300.83	166,719.26	33,343.85	2.9%
OFC ADMIN HEARNG-INT	15,030.00	17,674.00	6,404.00	12,662.00	3,901.25	59,572.50	11,914.50	1.1%
COURT REPORTER SERVS	1,127.50	670.00	500.00	0.00	1,700.00	5,697.50	1,139.50	0.1%
TOTALS	**$273,476.14**	**$244,925.71**	**$172,588.70**	**$140,749.75**	**$169,425.83**	**$1,170,591.96**	**$234,118.39**	**20.7%**

Source: CalSTARS reports for Board of Podiatric Medicine

Figure 4
Board of Podiatric Medicine Enforcement Expense Trends and Analysis
FY's 2010-11 through 2014-2015



General Office Expenses

There are 41 General Office Expense line items that comprise the Board's fourth largest recurring expense. Table 14 displays only the top 10 line items which represent 86.0% of all BPM General Office expenses. Office rent accounts for 4.5% of total expenses and has been stable over the past five fiscal years. Except for Information Technology expenses, most of the other line item expenses have been relatively small and consistent over the period reviewed. Appendix B contains a detailed itemization of all General Office Expenses.

Table 14
Board of Podiatric Medicine General Office Expense Summary
FY's 2010-11 through 2014-2015

Description	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	5 FY Totals	Avg/Yr	% Total Exp
RENT-BLDG/GRND(NON S	$43,112.08	$43,432.84	$45,152.79	$42,295.60	$41,160.25	$215,153.56	$43,030.71	4.5%
INFO TECHNOLOGY-EX	0.00	0.00	104.00	33,768.78	0.00	$33,872.78	6,774.56	0.7%
COMMERCIAL AIR-I/S	5,968.20	3,788.80	7,897.47	6,045.20	6,890.95	$30,590.62	6,118.12	0.6%
CELL PHONES,PDA,PAGE	4,114.11	2,673.12	4,674.63	4,602.67	3,019.40	$19,083.93	3,816.79	0.4%
FINGERPRINT REPORTS	3,515.00	3,459.00	3,984.00	3,527.00	3,528.00	$18,013.00	3,602.60	0.4%
MISC OFFICE SUPPLIES	3,239.80	2,349.81	2,553.44	968.73	2,934.18	$12,045.96	2,409.19	0.2%
TELEPHONE EXCHANGE	2,524.52	2,250.38	1,817.11	2,753.09	2,463.69	$11,808.79	2,361.76	0.2%
DUES & MEMBERSHIPS	2,325.00	2,325.00	2,328.15	2,325.00	2,325.00	$11,628.15	2,325.63	0.2%
SOFTWARE-IT PURCH,LI	0.00	2,671.82	2,257.84	2,426.93	2,565.21	$9,921.80	1,984.36	0.2%
PER DIEM-I/S	5,098.71	1,513.24	722.49	948.64	670.81	$8,953.89	1,790.78	0.2%

Source: CalSTARS reports for Board of Podiatric Medicine

Interagency Service Expenses

The final BPM expense item is for Interagency Services. Table 15 displays expenses for the services of the Consolidated Data Center which represent only 0.1% of total expenses.

Table 15
Board of Podiatric Medicine General Office Expense Summary
FY's 2010-11 through 2014-2015

Description	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	5 FY Totals	Avg/Yr	% Total Exp
CONSOLIDATED DATA CENTER	$2,546.68	$1,396.73	$758.14	$647.00	$0.00	$5,348.55	$1,069.71	0.1%
TOTALS	**$2,546.68**	**$1,396.73**	**$758.14**	**$647.00**	**$0.00**	**$5,348.55**	**$1,069.71**	**0.1%**

Source: CalSTARS reports for Board of Podiatric Medicine

Board Fund Balance

The following summarizes the Board 0295 fund balances for FY's 2010-11 through 2014-15. Table 16 shows that despite minor (up to 10%) fluctuations in revenue and expenses over the years, the fund balance increased by 15.9% over the five fiscal-year period. As a result, the Fund has a balance of $992,762 beginning FY 2015-16. The gain in FY 2014-15 is primarily due to average revenues and significant cost reduction from the prior fiscal year. This fiscal year BPM spent less than the prior four fiscal years. As a result, the Board's reserve has increased from 11+ months to 13.2 months. (The reserve value is calculated by dividing the beginning fund balance by total expenditures and multiplying the quotient by 12).

Table 16
Fund 0295 Board of Podiatric Medicine
Fund Balance Summary for FY's 2010-11 through 2014-2015

	7/1/2010	7/1/2011	7/1/2012	7/1/2013	7/1/2014
Beginning Fund Balance	**$ 1,010,867.04**	**$856,453.29**	**$858,824.11**	**$892,695.12**	**$947,012.37**
Prior Year Adjustments	(2,543.54)	4445.47	4,022.08	15,341.19	(2,129.10)
Total Prior Year Adjustments	1,008,323.50	860,898.76	862,846.19	908,036.31	944,883.27
Current Year Resources					
Total Revenue	883,431.90	921,301.29	895,002.90	995,830.38	909,352.15
Operating Transfers	0.00	0.00	0.00	0.00	0.00
Total Revenues & Other Adjustments	1,891,755.40	1,782,200.05	1,757,849.09	1,903,866.69	1,854,235.42
Total Expenditures	1,035,302.11	923,375.94	865,153.97	956,854.32	861,473.71
Expenditure Adjustments	0.00	0.00	0.00	0.00	0.00
Total Expenditures	1,035,302.11	923,375.94	865,153.97	956,854.32	861,473.71
Ending Fund Balance June 30, _____	**$856,453.29**	**$858,824.11**	**$892,695.12**	**$947,012.37**	**$992,761.71**
Months in Reserve	**11.7**	**11.1**	**11.9**	**11.2**	**13.2**

Source: State of California Detailed Fund Balance Report

Fee Projections

The study goal is to determine if fees are properly aligned and sufficient to recover the actual cost of the BPM programs and maintain 12 months of income in reserve. The following presents the Board's summarized revenue and expenditure history, pertinent revenue and expense assumptions used to project fees and estimated expenses for FYs 2015-16 through 2019-20, and projections based on the average case scenario. In addition, this section explains the methodology and results used to compute an hourly rate to cover current fee schedule and non-fee schedule tasks/services.

Revenue and Expenditure History

Table 17 summarizes the Board's revenues, expenditures and revenue-offsetting reimbursements to show the net appropriation and net income or loss for the five fiscal years reviewed. The Board suffered a loss in FY 2010-11, but net income since FY 2011-12 offset the loss in FY 2013-14 (see running balance below). While cost control will always be paramount to BPM, the key to long-term sustainability is revenue growth.

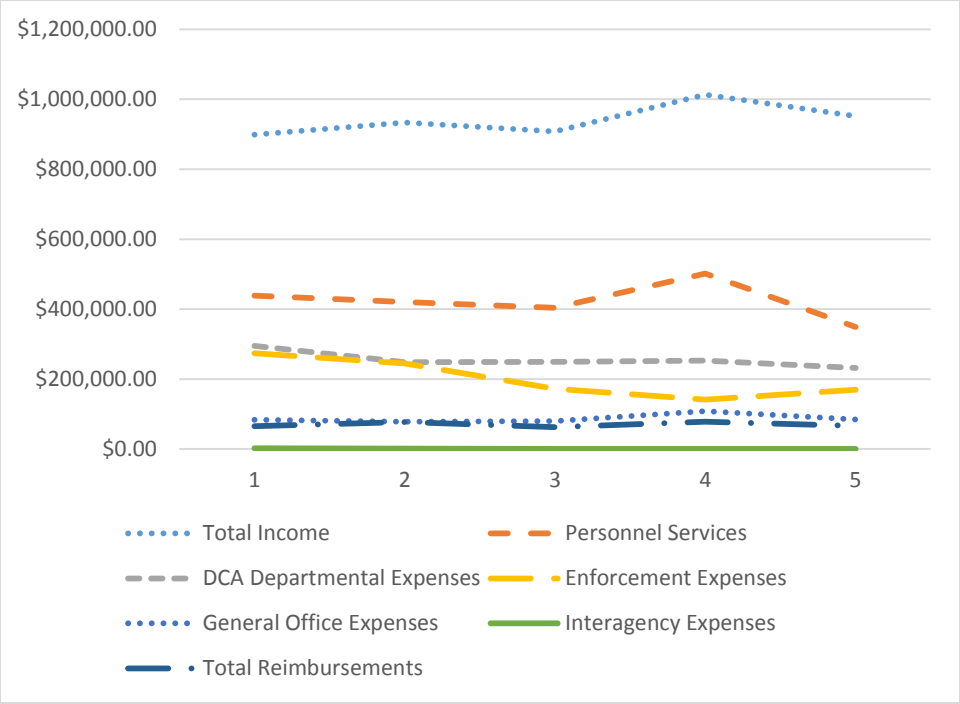
Table 17
Board of Podiatric Medicine Revenue and Expenditure History
FY's 2010-11 through 2014-2015

DESCRIPTION	2010-11	2011-12	2012-13	2013-14	2014-15	Avg/Yr
Revenues						
Fee Schedule income	$883,615.90	$921,468.29	$895,215.90	$997,251.38	$921,154.18	$923,741.13
Non-Fee Schedule income	15,115.90	12,088.29	12,752.90	16,105.38	30,318.06	$17,276.11
Total Income	**$898,731.80**	**$933,556.58**	**$907,968.80**	**$1,013,356.76**	**$951,472.24**	**$941,017.24**
Expenses						
Personnel Services	$438,122.69	$419,902.32	$403,916.28	$501,469.26	$349,048.19	$422,491.80
DCA Departmental Expenses	294,446.07	248,125.76	249,082.93	252,770.64	232,174.36	$255,319.95
Enforcement Expenses	273,476.14	244,925.71	172,588.70	140,749.75	169,425.83	$200,233.23
General Office Expenses	83,607.30	78,328.30	80,330.54	108,692.67	84,222.40	$87,036.24
Interagency Expenses	2,546.68	1,396.73	758.14	647.00	0.00	$1,069.71
Total Expenses	**$1,092,198.88**	**$992,678.82**	**$906,676.59**	**$1,004,329.32**	**$834,870.78**	**$966,150.93**
Reimbursements						
Investigative Cost Recovery	$58,198.39	$70,113.54	$57,380.77	$72,020.75	$59,899.71	$63,522.63
Fingerprints	3,366.00	3,845.00	4,020.00	3,871.00	3,773.00	$3,775.00
External Private Grants	3,175.00	3,135.00	1,195.00	1,645.00	2,115.00	$2,253.00
Dishonored Check Fees	25.00	100.00	25.00	75.00	100.00	$65.00
Over/Short Fees	180.00	53.00	-50.00	4.00	0.09	$37.42
Misc. Services to the Public	11.00	0.00	52.00	85.00	0.00	$29.60
Total Reimbursements	**$64,955.39**	**$77,246.54**	**$62,622.77**	**$77,700.75**	**$65,887.80**	**$69,682.65**
Net Appropriation	1,027,243.49	915,432.28	844,053.82	926,628.57	768,982.98	896,468.28
Net Income/(Loss)	**($128,511.69)**	**$18,124.30**	**$63,914.98**	**$86,728.19**	**$182,489.26**	**$44,548.96**
Running Balance	($128,511.69)	($110,387.39)	($46,472.41)	$40,255.78	$222,745.04	

Source: CalSTARS reports for Board of Podiatric Medicine

Figure 5 graphically displays the Board's revenue and expenditure trends over the five fiscal-year period reviewed. Revenue has remained stable. Personnel Service expenses have climbed and dropped. Enforcement expenses have dropped. Departmental expenses have stabilized. General Office and Interagency expenses, and Reimbursements have remained constant and low.

Figure 5
Board of Podiatric Medicine Revenue and Expenditure Trends and Analysis
FY's 2010-11 through 2014-2015



Projection Assumptions and Results

CPS used conservative assumptions and incorporated the Department of Finance's (DOF) September 16, 2015 budget letter guidance to project the average case revenue and expenses displayed in Table 18a and 18b for the five fiscal-year period.

Assumptions

- Beginning revenue is estimated to be equal to the five fiscal-year average shown in Table 17 and is projected to remain flat (0%) each year over the projection period.
- Licensees are expected to retire at age 65, which will impact total revenue by $912 per retiree each year for the projection period.
- Beginning salary & wage expenses are estimated to be equal to the five fiscal-year average displayed in Table 17 and are projected to increase 2.5% per year for the projection period according to the SEIU collective bargaining agreement. This assumes no increase in staffing levels over the five fiscal-year period.

- Employee benefit expenses reflect the DOF budget letter guidance for FY's 2015-16, 2016-17 and thereafter. These include factors for OASDI, Medicare taxation, Medical Care, Health Benefits, and Retirement with increases of 3% per year over the projection period.
- Other operating expenses (DCA Departmental, Enforcement, General Office and Interagency) are estimated to be equal to their respective five fiscal-year averages revealed in Table 17 and are projected to increase 2.0% in FY 2015-16, 4.1% in FY 2016-17, and 2.5% per fiscal year thereafter to reflect inflation for the projection period.
- Beginning reimbursements are estimated to be equal to the five-fiscal year average presented in Table 17 and are projected to increase 1% per fiscal year for the projection period. Reimbursements reduce total expenditures on a dollar for dollar basis.

Results

Based on the previous assumptions, Table 18a displays the Board's projected average case revenue and expenditures for the period from FY 2015-16 through FY 2019-20. The table indicates a growing, negative running balance of $150,512 at the end of the five-fiscal year projection period, demonstrating fee increases are warranted at this time.

Table 18a
Board of Podiatric Medicine Best Case Revenue and Expenditure Projection
FY's 2015-16 through 2019-2020

DESCRIPTION	Avg/Yr	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Projected Revenues						
0% increase per year						
5 Year Average Income	**$941,017.24**	**$941,017.24**	**$941,017.24**	**$941,017.24**	**$941,017.24**	**$941,017.24**
Less potential retiree impact	$3,648.00	$3,648.00	$3,648.00	$3,648.00	$3,648.00	$3,648.00
Total Income	**$937,369.24**	**$937,369.24**	**$937,369.24**	**$937,369.24**	**$937,369.24**	**$937,369.24**
Projected Expenses						
% increase per year		*1.025*	*1.025*	*1.025*	*1.025*	*1.025*
Personnel Services - wages	$306,669.23	$314,335.96	$322,194.36	$330,249.22	$338,505.45	$346,968.09
% increase per year		*1.03*	*1.03*	*1.03*	*1.03*	*1.03*
Personnel Services - benefits	$115,822.57	$119,297.24	$122,876.16	$126,562.45	$130,359.32	$134,270.10
Personnel subtotal	**$422,491.80**	**$433,633.20**	**$445,070.52**	**$456,811.66**	**$468,864.77**	**$481,238.18**
Non-Personnel Expenses						
Inflation per year		*1.02*	*1.041*	*1.025*	*1.025*	*1.025*
DCA Departmental Expenses	$255,319.95	$260,426.35	$271,103.83	$277,881.43	$284,828.46	$291,949.17
Enforcement Expenses	200,233.23	204,237.89	212,611.65	217,926.94	223,375.11	228,959.49
General Office Expenses	87,036.24	88,776.96	92,416.82	94,727.24	97,095.42	99,522.81
Interagency Expenses	1,069.71	1,091.10	1,135.84	1,164.24	1,193.34	1,223.17
Non-Personnel subtotal	**$543,659.13**	**$554,532.31**	**$577,268.14**	**$591,699.84**	**$606,492.34**	**$621,654.65**
Total Expenses	**$966,150.93**	**$988,165.52**	**$1,022,338.66**	**$1,048,511.51**	**$1,075,357.11**	**$1,102,892.83**
Projected Reimbursements						
% increase per year		*1.01*	*1.01*	*1.01*	*1.01*	*1.01*
Total Reimbursements	**$69,682.65**	**$70,379.48**	**$71,083.27**	**$71,794.10**	**$72,512.05**	**$73,237.17**
Net Appropriation	$896,468.28	$917,786.04	$951,255.39	$976,717.40	$1,002,845.06	$1,029,655.67
Net Income/(Loss)	**40,900.96**	**19,583.20**	**(13,886.15)**	**(39,348.16)**	**(65,475.82)**	**(92,286.43)**
Running Balance	***$40,900.96***	***$60,484.16***	***$46,598.01***	***$7,249.85***	***($58,225.97)***	***($150,512.40)***

Table 18b displays the Board's average case estimated fund balance using the results generated in Table 18a and indicates a falling reserve that drops to 10.4 months at the end of the five fiscal-year projection period, and again, demonstrates fees increases are warranted at this time.

Table 18b
Board of Podiatric Medicine Average Case Estimated Fund Balance Summary
FY's 2015-16 through 2019-2020

	7/1/2015	7/1/2016	7/1/2017	7/1/2018	7/1/2019
Beginning Fund Balance	**$992,761.71**	**$1,012,344.91**	**$998,458.76**	**$959,110.59**	**$893,634.77**
Current Year Estimated Resources					
Total Annual Revenue	937,369.24	937,369.24	937,369.24	937,369.24	937,369.24
Total Revenues	**$1,930,130.95**	**$1,949,714.15**	**$1,935,828.00**	**$1,896,479.83**	**$1,831,004.01**
Expenditures & Reimbursements					
Expenditures	988,165.52	1,022,338.66	1,048,511.51	1,075,357.11	1,102,892.83
Less Reimbursements	70,379.48	71,083.27	71,794.10	72,512.05	73,237.17
Total Expenditures	**$917,786.04**	**$951,255.39**	**$976,717.41**	**$1,002,845.06**	**$1,029,655.66**
Ending Fund Balance June 30, _____	**$1,012,344.91**	**$998,458.76**	**$959,110.59**	**$893,634.77**	**$801,348.35**
Months in Reserve	**13.0**	**12.8**	**12.3**	**11.5**	**10.4**

Fee and Non-Fee Schedule Hourly Rate

As previously indicated, the BPM fee schedule displayed as Table 4 on page 18 does not accurately reflect all the potential revenues for which the Board may charge. The fee schedule could be better organized, all-inclusive and easier for applicants to understand. Table 19, prepared by BPM staff, meets these requirements.

Table 19
Revised Board of Podiatric Fee Schedule

Rev Code	Description	Fee
INITIAL APPLICATION - DPM PERMANENT LICENSE		***$1,018***
125700 6A*	Application fee	*$20*
125700 6D	Wall certificate	*$100*
125700 8D	Initial license	*$800*
125700 8E	Initial license 1/2 year**	$400
None	Fingerprint fees	*$49*
INITIAL APPLICATION - DPM RESIDENT LICENSE		***$129***
125700 6A*	Application fee	*$20*
125600 6K*	Resident's training license	*$60*
None	Fingerprint fees	*$49*
DPM RENEWAL		***$912***
125800 6K*	Biennial renewal	*$900*
125600 4G*	CURES renewal assessment	*$12*
125900 6D*	DPM delinquent fee (30-89 days late)	$150
None	Delinquent after 90 days (Penalty)	$450
FICTITIOUS NAME PERMIT		
125700 6B	Fictitious name permit	$50
FICTITIOUS NAME PERMIT RENEWAL		
125800 6F	Fictitious name renewal	$40
125900 6E	Fictitious name permit - delinquent renewal	$20
MISC - DPM (PERM & RES) LICENSE		
125600 6L*	Duplicate license	$40
125600 6N*	Letter of Good Standing	$30
MISC - BPM		
125600 6S*	CME course approval	$100
125600 6T	Exam appeal	$25
125700 6Q	Ankle certification	$50
** On published fee schedule*		
*** Fee rarely used so not included in total initial application fee*		

Source: BPM staff

As previously indicated, the Biennial License fee was permanently increased to $900 in 2004. However, the other scheduled fees shown in Table 4 on page 17 and Table 19 above have not been changed since 1989 and do not accurately reflect the time it takes BPM staff to provide the services.

In addition, Table 9, Board of Podiatric Medicine Unscheduled Reimbursement Summary, on page 22 shows over the past five fiscal years BPM received a total of $148 in unscheduled reimbursement for miscellaneous services to the general public (last row on the chart). The Board's existing fee schedule does not contain a fee for these unscheduled services.

One of the objectives of this study was to establish a cost basis to assess for services provided by BPM when a separate fee does not exist. The most convenient and fairest way to charge for

unscheduled services is to determine an hourly charge based on full absorption costing that considers all BPM costs and all available staff hours. By dividing BPM's average expenses for the last five fiscal years by total staff available hours, an hourly rate can be derived. For example, the average yearly expenses for five fiscal years shown in Table 17 on page 26 is $915,421. Dividing this average by total annual available staff hours (5 staff x 1,776 hours/year) yields an hourly rate rounded down to approximately $100 per hour. Depending on the time it takes to provide a specific non-fee schedule service, a fee could be calculated accordingly. For example, a one-hour task would be charged $100 or $50 for a half-hour task.

Based on this hourly rate, Table 20 shows the current and proposed fee changes based on the actual time it takes BPM staff to complete the listed task. In particular, during the review staff disclosed it takes a comparable amount of time to process an initial application for a DPM resident license as it does to process a permanent DPM license. As a result, the table proposes a significant change for the initial resident license fee and displays other proposed fee changes.

Table 20
Revised Board of Podiatric Current and Proposed Fee Changes

Rev Code	Description	Current	Proposed
INITIAL APPLICATION - DPM RESIDENT LICENSE		***$129***	***$769***
125700 6A*	Application fee	*$20*	*$20*
125600 6K*	Resident's training license	*$60*	*$700*
None	Fingerprint fees	*$49*	*$49*
FICTITIOUS NAME PERMIT RENEWAL			
125800 6F	Fictitious name renewal	$40	$50
125900 6E	Fictitious name permit - delinquent renewal	$20	$50
MISC - DPM (PERM & RES) LICENSE			
125600 6L*	Duplicate license	$40	$50
125600 6N*	Letter of Good Standing	$30	$50
MISC - BPM			
125600 6T	Exam appeal	$25	$100
125700 6Q	Ankle certification	$50	$100
** On published fee schedule*			

Recommendations

2. BPM management should develop, approve and implement a revised fee schedule as soon as possible, and post it on the Board's website.
3. When appropriate, BPM should charge for schedule and unscheduled services based on a fully absorbed cost rate of $100 per hour. Services should be charged accordingly based on the actual time BPM consumes to provide the service.
4. BPM should increase specific fees for DPM resident license, fictitious name renewal, fictitious name permit delinquent renewal, duplicate license, letter of good standing, exam appeal and ankle certification based on the fully absorbed cost rate of $100 per hour.

Appendix A: DCA Board/Bureau Licensing Fees and Cycles

BOARD/BUREAU	FEE	CYCLE
FIDUCIARIES	***$700.00***	***ANNUAL***
PODIATRIC	**$900.00**	**BIENNIAL**
NATUROPATHIC MEDICINE	$800.00	BIENNIAL
MEDICAL BOARD	$783.00	BIENNIAL
HEARING AID	***$280.00***	***ANNUAL***
DENTAL BD	$525.00	BIENNIAL
CHIRO	***$250.00***	***ANNUAL***
REAL ESTATE	***$245.00***	***ANNUAL***
REAL ESTATE APPRAISERS	$435.00	BIENNIAL
OPTOMETRY	$425.00	BIENNIAL
OSTEO	$400.00	BIENNIAL
PSYCHOLOGY	$400.00	BIENNIAL
CONTRACTORS LICENSE BD	$360.00	BIENNIAL
ACUPUNCTURE	$325.00	BIENNIAL
ARCHITECTS	$300.00	BIENNIAL
PHYSICIAN ASSIST BD	$300.00	BIENNIAL
PSYCHIATRIC TECHNICIANS	$300.00	BIENNIAL
VET MED	$290.00	BIENNIAL
GEOLOGIST	$270.00	BIENNIAL
COURT REPORTERS	***$125.00***	***ANNUAL***
RESP CARE	$230.00	BIENNIAL
PHYSICAL THERAPY	$200.00	BIENNIAL
PHARMACIST	$195.00	BIENNIAL
HYGIENISTS	$160.00	BIENNIAL
ENGINEER	$150.00	BIENNIAL
OCCUPATIONAL THERAPY	$150.00	BIENNIAL
VOC NURSE	$150.00	BIENNIAL
VET TECH	$140.00	BIENNIAL
BEHAVIOR SCIENCE	$130.00	BIENNIAL
PHARMACY TECH	$130.00	BIENNIAL
REGISTERED NURSING	$130.00	BIENNIAL
SPEECH	$110.00	BIENNIAL
DENTAL ASSISTS	$70.00	BIENNIAL
STRUCTURAL PEST	***$120.00***	***TRIENNIAL***
ACCOUNTANCY	$50.00	BIENNIAL
BARBER/COSMO	$50.00	BIENNIAL

Source: DCA Budget Office

Appendix B: General Office Expenses

Description	FY 10-11	FY 11-12	FY 12-13	FY 13-14	FY 14-15	5 FY Totals	Avg/Yr	% Total Exp
RENT-BLDG/GRND(NON S	$43,112.08	$43,432.84	$45,152.79	$42,295.60	$41,160.25	$256,313.81	$51,262.76	4.5%
COMMERCIAL AIR-I/S	5,968.20	3,788.80	7,897.47	6,045.20	6,890.95	37,481.57	7,496.31	0.7%
INFO TECHNOLOGY-EX	0.00	0.00	104.00	33,768.78	0.00	33,872.78	6,774.56	0.6%
CELL PHONES,PDA,PAGE	4,114.11	2,673.12	4,674.63	4,602.67	3,019.40	22,103.33	4,420.67	0.4%
FINGERPRINT REPORTS	3,515.00	3,459.00	3,984.00	3,527.00	3,528.00	21,541.00	4,308.20	0.4%
MISC OFFICE SUPPLIES	3,239.80	2,349.81	2,553.44	968.73	2,934.18	14,980.14	2,996.03	0.3%
TELEPHONE EXCHANGE	2,524.52	2,250.38	1,817.11	2,753.09	2,463.69	14,272.48	2,854.50	0.3%
DUES & MEMBERSHIPS	2,325.00	2,325.00	2,328.15	2,325.00	2,325.00	13,953.15	2,790.63	0.2%
SOFTWARE-IT PURCH,LI	0.00	2,671.82	2,257.84	2,426.93	2,565.21	12,487.01	2,497.40	0.2%
STAMPS, STAMP ENVEL	1,341.48	2,034.78	1,535.32	1,969.18	1,630.04	10,140.84	2,028.17	0.2%
PER DIEM-I/S	5,093.71	1,513.24	722.49	948.64	670.81	9,624.70	1,924.94	0.2%
C&P EXT ADMIN CR C	0.00	0.00	3.73	0.00	4,500.00	9,003.73	1,800.75	0.2%
MIN EQPMT-GEN-REPL	0.00	0.00	706.00	0.00	3,782.48	8,270.96	1,654.19	0.1%
PRIVATE CAR-I/S	2,189.10	1,417.75	1,155.88	1,287.86	966.00	7,982.59	1,596.52	0.1%
METRO PRINT/MAIL	0.00	0.00	339.00	1,958.02	2,584.73	7,466.48	1,493.30	0.1%
MIN EQPMT-DP-REPL	857.11	4,000.22	437.99	0.00	0.00	5,295.32	1,059.06	0.1%
PAMPHLT/LEAFLT/BROCH	3,305.00	1,453.00	497.00	0.00	0.00	5,255.00	1,051.00	0.1%
FACILITY PLNG-DGS	776.04	820.36	835.32	830.67	774.40	4,811.19	962.24	0.1%
SUPPLIES-IT (PAPER,	1,435.30	977.30	1,180.30	1,093.66	32.50	4,751.56	950.31	0.1%
FREIGHT & DRAYAGE	582.18	514.73	406.98	306.21	1,186.95	4,184.00	836.80	0.1%
OFFICE COPIER EXP	396.00	396.00	453.05	614.72	726.00	3,311.77	662.35	0.1%
RENTAL CAR-I/S	1,111.61	375.12	792.08	375.13	74.63	2,803.20	560.64	0.0%
LIBRARY PURCH/SUBSCR	34.00	218.49	0.00	0.00	755.95	1,764.39	352.88	0.0%
TAXI & SHUTTLE SERV-	311.30	54.00	158.15	309.20	183.30	1,199.25	239.85	0.0%
WASTE REMOVAL	0.00	0.00	0.00	0.00	571.50	1,143.00	228.60	0.0%
EDD PRODUCTIONS	0.00	463.00	313.00	109.00	0.00	885.00	177.00	0.0%
ATH INSP MSC 906,910	0.00	817.53	0.00	0.00	0.00	817.53	163.51	0.0%
MIN EQPMT-CELL PHO	0.00	0.00	0.00	0.00	400.37	800.74	160.15	0.0%
MTG/CONF/EXHIBIT/SHO	563.78	0.00	0.00	0.00	0.00	563.78	112.76	0.0%
MGMT/TRANS FEE-I/S	0.00	0.00	0.00	10.00	212.00	434.00	86.80	0.0%
TUITN/REGISTRATN FEE	375.00	0.00	0.00	0.00	0.00	375.00	75.00	0.0%
CALATERS SERVICE FEE	0.00	36.00	0.00	52.00	112.00	312.00	62.40	0.0%
MIN EQPMT-CELL PHONE	291.94	0.00	0.00	0.00	0.00	291.94	58.39	0.0%
RAIL AND BUS-I/S	55.80	0.00	0.00	7.00	93.00	248.80	49.76	0.0%
TRANSCRIPTION SVS	0.00	171.75	0.00	0.00	0.00	171.75	34.35	0.0%
REPRODUCTION SVS	53.25	36.65	3.07	26.88	0.00	119.85	23.97	0.0%
FAX	1.75	4.37	1.75	58.26	24.06	114.25	22.85	0.0%
RECURRING MAINT SV	0.00	0.00	0.00	0.00	55.00	110.00	22.00	0.0%
PRINTED FORM/STATNRY	13.24	23.24	20.00	23.24	0.00	79.72	15.94	0.0%
TRAINING	0.00	50.00	0.00	0.00	0.00	50.00	10.00	0.0%
ELECT WASTE RECYCLE/	16.00	0.00	0.00	0.00	0.00	16.00	3.20	0.0%
TOTALS	**$83,607.30**	**$78,328.30**	**$80,330.54**	**$108,692.67**	**$84,222.40**	**$519,403.61**	**$103,880.72**	**9.2%**

Issue #3: Should BPM's statutory schedule of service fees contained in section 2499.5 B&P be amended to allow for actual and reasonable recovery of costs for services provided?

BPM Recommendation

Yes. BPM recommends that its statutory schedule of service fees be amended to allow for the actual and reasonable recovery of costs for services provided.

Applicable Authority

Business and Professions Code section 2499.5 provides in pertinent part:

> The following fees apply to certificates to practice podiatric medicine. The amount of fees prescribed for doctors of podiatric medicine shall be those set forth in this section unless a lower fee is established by the board in accordance with Section 2499.6. Fees collected pursuant to this section shall be fixed by the board in amounts not too exceed the actual costs of providing the service for which the fee is collected.
>
> (a) Each applicant for a certificate to practice podiatric medicine shall pay an application fee of twenty dollars ($20) at the time the application is filed. […]
>
> (b) The oral examination fee shall be seven hundred ($700) dollars, or the actual cost, which is lower […]
>
> (c) […] The initial license fee shall be eight hundred dollars ($800). […]
>
> (d) The biennial renewal fee shall be nine hundred dollars ($900). […]
>
> (e) The delinquency fee is one hundred fifty dollars ($150).
>
> (f) The duplicate all certificate fee is forty dollars ($40).
>
> (g) The duplicate renewal receipt fee is forty dollars ($40).
>
> (h) The endorsement fee is thirty dollars ($30).
>
> (i) The letter of good standing fee or loan deferment is thirty dollars ($30).
>
> (j) There shall be a fee of sixty dollars ($60) for the issuance of a resident's license under Section 2475.
>
> (k) The application fee for ankle certification […] shall be fifty dollars ($50). The examination and reexamination fee for this certification shall be seven hundred dollars ($700).
>
> (l) The filing fee to appeal for the failure of an oral examination shall be twenty-five dollars ($25).
>
> (m) The fee for approval of a continuing education course or program shall be one hundred dollars ($100).

Discussion

BPM's statutorily set schedule of service fees contained in section 2499.5 B&P has been at its legislatively mandated limit for over 20 years. Since 2001, it had been recognized that BPM's fees needed revision to sustain a long-term positive fund balance. Accordingly, a temporary increase to the renewal fee was made permanent in 2004 (SB 1549), with the understanding that fees for user based services would later be increased in order to cover actual costs. At that time DCA's Budget Office had also recommended that the Board's schedule of service fees be adjusted for assisting to appropriately recover actual and reasonable costs for services provided. While the license renewal fee increase was helpful to ensure overall sustainability, BPM's schedule of user based service fees have not been adjusted to meet the actual costs for providing service. At this juncture a number of contemporary issues continue to lend support to the fiscal wisdom of adjusting user based service fees to recover actual and reasonable costs for services provided.

To begin the existing decades old fee schedule prevents the board from appropriately recovering actual costs for services provided as they do not properly account for increases in the cumulative rate of inflation. The existing user based schedule of service fees therefore represents a built-in structural operating deficit.

For example, according to the U.S. Department of Labor, Bureau of Labor Statistics Inflation Calculator, $30 in 1989 (the amount charged for issuing a letter of good standing in 1989) represents $57.76 worth of buying power in 2015. This represents a 92% increase in the cumulative rate of inflation. If adjusted for inflation alone the same service today would cost $57.76. However, the board continues to levy only a $30 fee for the service.

Using the hourly rate formula based on full absorption costing—as suggested by the fee study—yields an actual cost calculation to the agency of up to $100 for providing the service. The board therefore loses up to $70 dollars each time the Board issues a letter of good standing with the current fee maximum set at $30. In other words, BPM is structurally precluded from even coming close to recovery for actual costs of service.

Second, while there is every reason to believe that the careful "lean and mean" fiscal management history of BPM will continue into the future, a number of factors caution that while continued cost control is critical, the keys to continued sustainability are revenue growth. Revenue growth however can be expected to become revenue neutral or slightly negative in the foreseeable future when accounting for: 1) the effects of anticipated retirements in the next five years as projected in the fee study; and 2) the significant cost increases in expenses to BPM related to development and implementation issues with BreEZe which has contributed to thousands in increased project costs across all boards DCA wide. Together, these can be expected to erode

future positive reversions to the fund balance and incrementally chip away at the fund over time.

Thus, since BPM does not have authority to increase fees administratively, the Board recommends an increase to its existing schedule in a proactive effort to maintain good financial housekeeping. The below recommended increases are believed sufficient to offset expected decreases to future revenue as a result of projected retirements in the next five years as well as to help defray known increased costs associated with the department wide BreEZe project. The proposed changes represent only a very modest increase in annual BPM revenue (approximately $11,000) and are solely driven by the motivation to recover actual and reasonable costs for providing service

CURRENT FEE RATE & FEE AUTHORITY (include Code section references):
(1) Application Fee - $20 (BPC § 2499.5 (a))
(2) Duplicate License - $40 (BPC § 2499.5 (f))
(3) Duplicate Renewal Receipt - $40 (BPC § 2499.5 (g))
(4) Letter of Good Standing/Endorsement - $30 (BPC § 2499.5(h), (i))
(5) Resident's License - $60 (BPC § 2499.5 (j))
(6) Ankle License Application and Exam fees - $50, $700 (BPC § 2499.5 (k))
(7) Exam Appeal Fee - $25 (BPC § 2499.5 (l))
(8) CME Course Approval - $100 (BPC § 2499.5 (m))

PROPOSED/NEW FEE RATE:
(1) Application Fee - $100
(2) Duplicate License - $100
(3) Duplicate Renewal Receipt - $50
(4) Letter of Good Standing - $100
(5) Resident's License - $100
(6) Delete authorization for ankle exam fees - $0
(7) Exam Appeal Fee - $100
(8) CME Course Approval - $250

Conclusion

A number of contemporary issues lend support to the fiscal wisdom of adjusting user based service fees. The recommended amendments proposed above are aimed only at permitting the board the ability to recover actual and reasonable costs for services provided. Representing only a modest increase of approximately $11,000 in recovery of actual costs, the additional monies will help to offset expected decreases to future revenue as a result of projected retirements in the next five years as well as to help defray known increased costs associated with the department wide BreEZe project.