



BOARD OF PODIATRIC MEDICINE
MARCH 6, 2015

SUBJECT: QUARTERLY BUDGET REPORT

ACTION: RECEIVE AND FILE

3

RECOMMENDATION

Receive and file the quarterly budget report and mid-year update through December 2014.

ISSUE

This report provides the Board the quarterly budget financials and mid-year update through December 2014.

DISCUSSION

The subject documentation is attached for Board review which provides the most current budget and financial data available to date. The documents taken on a whole indicate that BPM is on task with maintaining a financially sound budget for FY 2014-15. Through continued efficient delivery of public services and minimization of financial costs BPM has continued to maintain fiscal and financial discipline.

1. EXPENDITURE REPORT

Through December 31, 2014 BPM spent or encumbered approximately \$399,000, which is equivalent to approximately 28% of its total FY 2014-15 budget. Table One (1) provides an expenditure report with summary totals for personnel services and operating expenditures alone while Table Two (2) provides a more detailed account into actual line item expenditures. The Board may note from Table Two (2) that some incurred expenditures to date have not been budgeted in spite of the fact that they may be readily foreseen as a common operating expense. (i.e., Fingerprints, etc.) Preliminary discussions with the DCA budget office have indicated that it would be a preferred practice to affirmatively account for the expenses into the budget during budget planning and preparation rather than to show what now appears to be unplanned and unaccounted for expenses. Staff therefore recommends a budget realignment in order to better capture these miscellaneous expenditures and to assist in better financial planning for future contingencies.

2. REVENUE REPORT

Table Three (3) provides a breakdown of the revenue totals and corresponding revenue

categories BPM has received through December 31, 2014. To date the agency has had receipts totaling \$553,049. This figure represents a 4.34% decline year over last. As with years past the Biennial License Renewal Fee accounts for the vast majority of fee income coming in at 92.5% of total revenues.

3. DCA FUND CONDITION ANALYSIS

The DCA Budget Office fund condition analysis for BPM is provided for member review in Table Four (4). As with past practice and in accord with sound governmental financial planning principals, the DCA fund analysis assumes full budget expenditure. Accordingly, BPM is shown to begin current FY 2014-15 with a \$948,000 reserve balance, representing only 5.3 months of operating reserve in the event of a catastrophic occurrence assuming full expenditure of a \$1.2 budget. Projecting this logic into future years, BPM would show an affirmative insolvency by budget year plus one in 2016-17.

4. BPM FUND CONDITION ADJUSTMENT ANALYSIS

Notwithstanding the above discussion, staff has provided a BPM fund analysis based on adjusted projected expenditures coupled with projected reversion amounts for FY 2015-16 through FY 2016-17. Similar to the previous analysis, Table Five (5) also shows BPM beginning current FY 2014-15 with a \$948,000 reserve balance. However, based on an actual projected expenditure assumption of only \$903,000—as opposed to \$1.2 million—the reserve figure represents an operating reserve of 13 total months. This brings two important points to mind: 1) As a direct result of multiple personnel vacancies incurred early on during the beginning of the fiscal year, BPM is projected to have an unusually low total expenditure level for FY 2014-15 which contributes to the expected 1.5 months of additional reserve reversions; and 2) DCA budget office best practice suggests maintaining 3 months of operating reserves. As a result, BPM is extremely well positioned fiscally and financially at the current moment with almost 4 times the recommended reserve level.

While a continued trend of large fund contributions leading to further increases to the reserve balance is unlikely to continue in future years, especially in light of expected doubling of BreEZe associated maintenance costs beginning in FY 2015-16, members may wish to remain cognizant that section 128.5 of the California Business and Professions Code will require BPM to reduce license or other fees during the fiscal year following any year that an amount equaling two or more years of operating reserve funds is achieved. Accordingly, given BPM's current sound financial condition with 11.5 months of operating reserves with an expected reversion totaling an additional 1.5 months, it is extremely unlikely that any proposal for an increase to the agency's fee structure will be taken seriously. Staff discussions with various officials both within and without the agency have confirmed this position.

5. SHARED SERVICES EXPENDITURES

Table Six (6) provides members with current Medical Board Shared Services expenditures. As can be seen from the data, expenditures have remained relatively flat and stable throughout current and the last two previous fiscal years.

6. ATTORNEY GENERAL COSTS

In order to provide the Board an enhanced view of Attorney General (AG) related expenditures, Table Seven (7) has been provided in order to lend greater insight into the monthly enforcement related financial outlook. The Board may note that the monthly expenditure average for AG costs are approximately \$11,000 monthly with total current expenditures incurred through to December 31, 2014, representing approximately only 10% of the total \$659,794 budget apportioned to enforcement costs.

7. ENFORCEMENT PROBATION RECEIPTS

As with AG costs, Enforcement Probation receipts have been provided in Table Eight (8) in order to shed greater insight into the yearly enforcement related recovery efforts. One important point to keep in mind when analyzing Table Seven (7) is to note that recovery of probation monies is cyclical. That is to say that cost and/or probation recovery figures recovered in the current fiscal year may have been ordered in a previous fiscal year. Nevertheless, BPM has recovered a total of \$51,680 in probation monitoring and recovery costs combined to date.

8. EXTERNAL AGENCY SPENDING

Table Nine (9) is provided to shed insight into external agency associated costs. Accordingly, graphical data shows total budgeted amounts over costs incurred to date through December 31, 2014. Figures for Departmental Services and Statewide Pro Rata are provided in addition to Attorney General and Office of Administrative Hearing expenditures for review and reference.

9. BOARD EXPENDITURES REPORT

Finally, Table Ten (10) provides the Board with member expenditures to date. This information is an excellent tool for Board and Committee meeting expense planning. The Board may note that the total expenditures for holding four separate open and noticed meetings during the first half of FY 2014-15 totaled slightly over \$2532.

According to the data compiled to date, given a conservative average cost calculation of approximately \$700 per meeting and assuming a full complement of members at each, the current budget allows for a total of 11.5 full Board meetings per year. Staff believes a more realistic expense calculation runs a bit over \$800 per full meeting of the Board which reduces the total funds available for meetings to 10. Even with the more aggressive quarterly meeting schedule coupled with the newly adopted goal and action-oriented committee structure, it is projected that BPM will close FY 2014-15 with approximately \$6000 in Board expenditures; or \$2000 under budget.

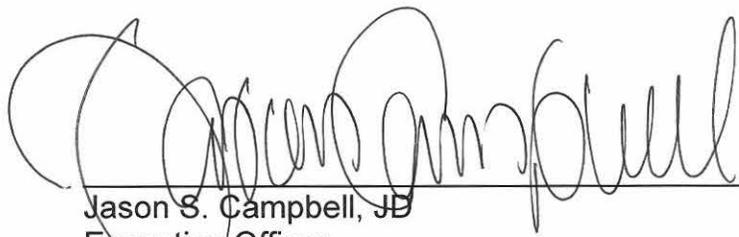
NEXT STEPS

Board staff will continue to monitor the BPM fund condition closely and maintain fiscal and financial discipline in order to ensure the efficient delivery of its services to the public through disciplined minimization of financial costs.

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Board of Podiatric Medicine
as of December 2014 (mid-year)

Expenditure Description	FY 2014-15 BUDGET	DEC 2014 EXPENSES	YTD	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES					
Civil Service - Perm	222,049	11,827	65,468	156,581	70.52%
Board Members	8,000	600	2,000	6,000	75.00%
Temp Help	24,000	692	5,932	18,068	75.28%
Statutory Exempt	81,732	6,950	41,700	40,032	48.98%
Staff Benefits	112,975	8,647	53,534	59,441	52.61%
TOTAL PERSONNEL SERVICES	448,756	28,716	168,634	280,122	62.42%
OPERATING EXPENSES & EQUIPMENT					
Operating Expenses	318,450	6,778	137,765	180,685	56.74%
Enforcement	659,794	25,258	92,347	567,447	86.00%
TOTAL OPERATING EXPENSES & EQUIPMENT	978,244	32,036	230,112	748,132	
TOTALS	1,427,000	60,752	398,746	1,028,254	72.06%

Board of Podiatric Medicine
as of December 2014 (mid-year)

Expenditure Description	FY 2014-15 BUDGET	DEC 2014 EXPENSES	YTD	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES					
Civil Service - Perm	222,049	11,827	65,468	156,581	70.52%
Board Members	8,000	600	2,000	6,000	75.00%
Temp Help	24,000	692	5,932	18,068	75.28%
Statutory Exempt	81,732	6,950	41,700	40,032	48.98%
Staff Benefits	112,975	8,647	53,534	59,441	52.61%
TOTAL PERSONNEL SERVICES	448,756	28,716	168,634	280,122	62.42%
OPERATING EXPENSES & EQUIPMENT					
Fingerprints	0	147	833	(833)	0%
GENERAL EXPENSE					
General Expense	4,870	0	0	4,870	100.00%
Dues & Memberships	0	0	2,325	(2,325)	0%
Misc Office Supplies	0	266	1,337	(1,337)	0%
Frieght & Drayage	0	114	650	(650)	0%
Admin Overhead - Other	0	0	1,154	(1,154)	0%
Total General Expense	4,870	380	5,466	(596)	-12.24%
Printing	1,268	21	2,249	(981)	-77%
Communications	0	475	2,742	(2,742)	0%
Postage	1,868	289	1,626	242	12.96%
Travel: In-State	4,347	1,329	6,463	(2,116)	-48.68%
Training	843	0	0	843	100%
Facilities Operation	51,721	3,828	23,308	28,413	54.94%
Consulting Services - Interdepartmental	11,171	0	0	11,171	100.00%
Consulting Services - External	15,000	309	309	14,691	97.94%
Departmental Services	156,018	0	67,637	88,381	56.65%
Consolidated Data Centers	4,020	0	0	4,020	100%
Data Processing	0	0	0	0	0%
Central Administrative Servies Pro Rata	47,324	0	23,662	23,662	50%
Examinations - C/P Serves Expert	20,000	0	0	20,000	100%
Enforcement	659,794	25,258	92,347	567,447	86.00%
Minor Equipment - General Replacement	0	0	3,470	(3,470)	0%
Total Operating Expenses	973,374	31,509	223,813	749,561	77.01%
TOTAL OPERATING EXPENSES & EQUIPMENT	978,244	32,036	230,112	748,132	76%
TOTALS	1,427,000	60,752	398,746	1,028,254	72.06%

Board of Podiatric Medicine as of December 2014 (mid-year)			
Revenue Category	Receipts Through 12/31/2014	Percentage of Revenue	Change from prior year (12/31/2013)
Application Fee	480	0.1%	0.02%
Limited License Fee	240	0.04%	-0.05%
Initial License Fee/National Board Certificate	20,192	3.7%	0.36%
Fingerprints (DOJ/FBI)	784	0.14%	0.01%
Fictitious Name Permit	850	0.15%	0.04%
Duplicate License/Cert	340	0.1%	0.01%
Letter of Good Standing	570	0.1%	-0.03%
License Biennial Renewal Fee	511,372	92.5%	-2.65%
CURES	7,416	1.3%	1.34%
Fictitious Name Permit Renewal	3,760	0.7%	0.08%
Fictitious Name Permit Delinquency Fee	120	0.02%	0.02%
License Delinquency Fee	1,200	0.2%	0.06%
License Penalty Fee	3,125	0.6%	0.33%
Citation Fee	2,500	0.5%	0.45%
CME Course Approval	0	0%	-0.02%
Dishonored Check Fee	100	0.02%	0.01%
Total	553,049	100%	-4.34%

Board of Podiatric Medicine
as of December 2014 (mid-year)

DCA Fund Condition Analysis (in 1,000s)	Prior Year Actual	Current Year	Budget Year	Budget Year +1
	2013/14	2014/15	2015/16	2016/17
Beginning Balance	908	948	628	425
Revenue	997	938	942	941
Total Resources	1,905	1,886	1,570	1,366
Expenditures	957	1,258	1,422	1,494
Reserve	948	628	148	(378)
Months in Reserve	9.0	5.3	1.2	(3.0)

Board of Podiatric Medicine
as of December 2014 (mid-year)

BPM Fund Condition Analysis (in 1,000s)	Prior Year Actual	Current Year Estimated	Budget Year	Budget Year +1
	2013/14	2014/15	2015/16	2016/17
Beginning Balance	908	948	1,099	1,074
Revenue	997	1,054	950	920
Total Resources	1,905	2,002	2,049	1,994
Expenditures	957	903	975	970
Reserve	948	1,099	1,074	1,024
Months in Reserve	11.5	13	14	13

Table 6

		FY	FY	FY
		12/13	13/14	14/15
Medical Board Shared Services	Description	Cost	Cost	Cost
Discipline Coordination Unit (DCU)	Charges are prorated based on the total number of cases tracked during the prior fiscal year in relation to the cost of maintaining staff for the purposes of performing a wide range of duties associated with the coordination of disciplinary actions.	\$9,088	\$9,670	\$4,521
Consumer Services: Central Complaint Unit (CCU)	Charges are prorated based on the actual number of complaints received during the prior fiscal year in relation to the cost of maintaining staff for the purposes of performing a wide range of duties associated with the management of complaints.	\$23,748	\$28,635	\$29,373
Consumer Information Unit (CIU)	Charges are prorated based on actual verification activity in relation to the cost of maintaining staff support to verify licensure of DPMs for interested parties.	\$98	\$124	\$124
Podiatric Fictitious Name Permit Registrations	Charges are based on the actual number of permits processed during the prior fiscal year in relation to the cost of maintaining clerical support to perform duties associated with the issuance and maintenance of FNPs.	\$2,292	\$2,014	\$1,972
TOTAL		\$35,226	\$40,443	\$35,990

Board of Podiatric Medicine as of December 2014 (mid-year)				
Attorney General Expenditures	Number of Hours	Rate	Amount	% OF BUDGET
July				
Attorney Services	47	\$ 170.00	\$ 7,990.00	1.21%
Paralegal Services	2.25	\$ 120.00	\$ 270.00	0.04%
Auditor	0.25	\$ 99.00	\$ 24.75	0.00%
Cost of Suit	0	\$ -	\$ -	0.00%
Totals for July	49.50		\$ 8,284.75	0.58%
August				
Attorney Services	43.75	\$ 170.00	\$ 7,437.50	1.13%
Paralegal Services	0	\$ -	\$ -	0.00%
Auditor	0	\$ -	\$ -	0.00%
Cost of Suit	0	\$ -	\$ -	0.00%
Totals for August	43.75		\$ 7,437.50	0.52%
September				
Attorney Services	90.00	\$ 170.00	\$ 15,300.00	2.32%
Paralegal Services	0.75	\$ 120.00	\$ 90.00	0.01%
Auditor	1.50	\$ 99.00	\$ 148.50	0.02%
Cost of Suit	0	\$ 86.00	\$ 86.00	0.01%
Totals for September	92.25		\$ 15,624.50	1.09%
October				
Attorney Services	102.00	\$ 170.00	\$ 17,340.00	2.63%
Paralegal Services	0	\$ -	\$ -	0.00%
Auditor	0.25	\$ 99.00	\$ 24.75	0.00%
Cost of Suit	0	\$ -	\$ -	0.00%
Totals for October	102.25	\$ 269.00	\$ 17,364.75	1.22%
November				
Attorney Services	63.25	\$ 170.00	\$ 10,752.50	1.63%
Paralegal Services	0	\$ -	\$ -	0.00%
Auditor	0	\$ -	\$ -	0.00%
Cost of Suit	0	\$ -	\$ -	0.00%
Totals for November	63.25	\$ 170.00	\$ 10,752.50	0.75%
December				
Attorney Services	43.50	\$ 170.00	\$ 7,395.00	1.12%
Paralegal Services	1	\$ 120.00	\$ 120.00	0.02%
Auditor	0	\$ -	\$ -	0.00%
Cost of Suit	0	\$ -	\$ -	0.00%
Totals for December	44.50	\$ 290.00	\$ 7,515.00	1.14%
FY 14/15 Budget			\$ 659,794.00	
TOTALS FOR JULY - DECEMBER 2014	395.50		\$ 66,979.00	10.15%

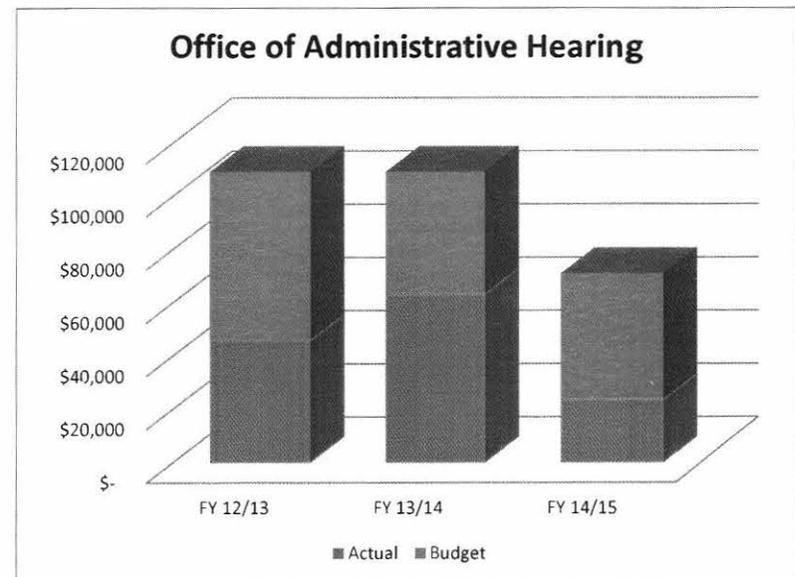
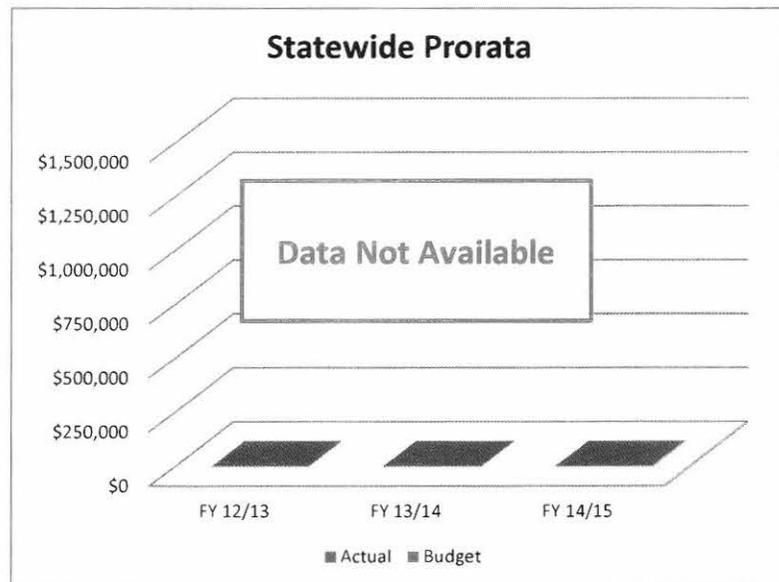
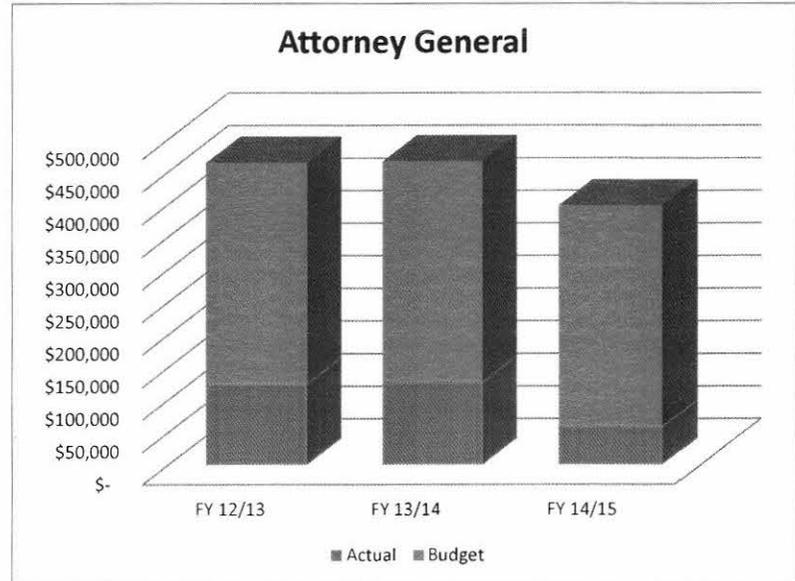
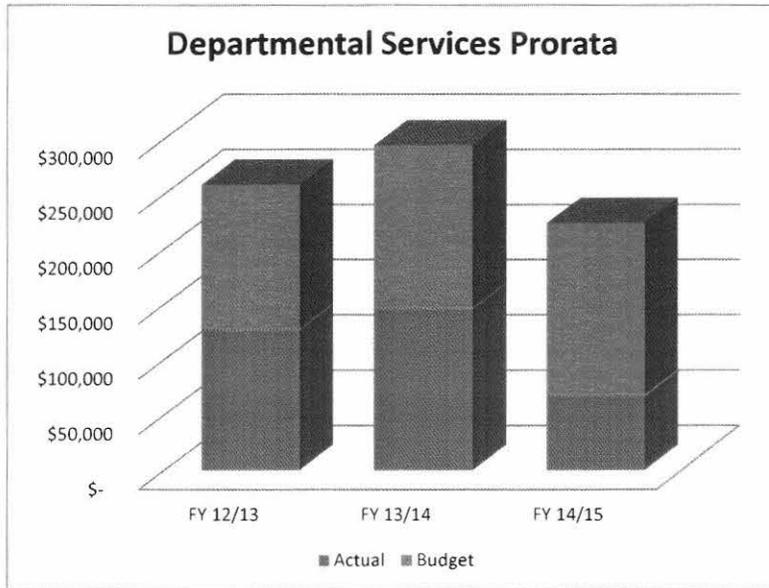
Table 8

Board of Podiatric Medicine as of December 2014 (mid-year)			
Probation Receipts	FY 2013-14	CY 2014-15	2 YEAR TOTALS
Cost Recovery			
Number of Cases	30	18	48
Ordered	39,158	5,543	44,701
Received	31,206	20,481	51,687
Total Cost Recovery	31,206	20,481	51,687
Probation Monitoring			
Ordered	38,713	46,078	84,791
Received	40,512	31,199	71,711
Total Probation Monitoring	40,512	31,199	71,711
TOTAL CR/PM	71,718	51,680	123,398

Table 8

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Total Probation Monitoring	40,512	31,199	71,711
TOTAL CR/PM	71,718	51,680	123,398

External Agency Spending



Board of Podiatric Medicine as of December 2014 (FY 14/15)													
Board Members	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
PER DIEM													
Barnes	91.05	91.05	-	-	91.05	-	-	-	-	-	-	-	\$ 273.15
Cha	81.05	81.05	-	-	81.05	81.05	-	-	-	-	-	-	\$ 324.20
Dixon	85.10	91.05	-	-	-	86.05	-	-	-	-	-	-	\$ 262.20
Mansdorf	91.05	91.05	-	-	91.05	91.05	-	-	-	-	-	-	\$ 364.20
Masaniai	91.05	91.05	-	-	91.05	91.05	-	-	-	-	-	-	\$ 364.20
Wrubel	91.05	91.05	-	-	-	-	-	-	-	-	-	-	\$ 182.10
Zapf	91.05	91.05	-	-	91.05	91.05	-	-	-	-	-	-	\$ 364.20
TOTAL PER DIEM	621.40	627.35	-	-	445.25	440.25	-	-	-	-	-	-	\$ 2,134.25
TRAVEL													
Barnes	-	-	-	-	88.53	-	-	-	-	-	-	-	\$ 88.53
Cha	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Dixon	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Mansdorf	-	73.75	-	-	44.00	-	-	-	-	-	-	-	\$ 117.75
Masaniai	-	110.31	-	-	81.50	-	-	-	-	-	-	-	\$ 191.81
Wrubel	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Zapf	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
TOTAL TRAVEL	-	184.06	-	-	214.03	-	-	-	-	-	-	-	\$ 398.09
TOTAL PER DIEM & TRAVEL	621.40	811.41	-	-	659.28	440.25	-	-	-	-	-	-	\$ 2,532.34