



Executive Office

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June 25, 2024

The Honorable Angelique V. Ashby, Chair
Senate Business, Professions, and Economic Development Committee
1021 O Street, Room 3320
Sacramento, CA 95814

The Honorable Marc Berman, Chair
Assembly Business and Professions Committee
1020 N Street, Room 379
Sacramento, CA 95814

Re: Annual Department of Consumer Affairs Distributed Costs Report

Dear Senator Ashby and Assembly Member Berman:

Business and Professions Code section 201 requires the Department of Consumer Affairs (Department) to submit a report to the Legislature by July 1 of each year on the accounting of its pro rata calculation of administrative expenses.

The Department's report includes the following attachments:

- An overview of the methodology used for allocating distributed costs.
- A summary of costs by each service area of the Department for each board and bureau for the upcoming 2024-25 fiscal year.

The Department charges pro rata to recover its costs for centralized administrative services provided to the boards and bureaus. The Department's 36 boards and bureaus are supported by a staff of legal, technical, and administrative professionals at the Department. These professionals provide legal, human resources, information technology, communications, investigations, professional examinations, training, strategic planning, fiscal management, and other integral support services. All the work the Department performs is to support the boards and bureaus. Most distributed costs are based on workload and approximately one-third is distributed based on the authorized positions of the board or bureau. All savings achieved by the Department are returned to respective board and bureau funds.

In the attached spreadsheet of costs, there are two boards and one bureau that have higher than average costs at 30 percent or more of their annual budget. The following provides a brief explanation of the anomalies driving the costs.

- Medical Board of California: The Department has an entire unit within the Division of Investigation (Health Quality Investigation Unit) of sworn investigators and support staff dedicated to providing this board with enforcement

investigative services that account for over 80 percent of the costs this board pays the Department.

- Board of Registered Nursing: This board has a large workload with the Department's Division of Investigation and the costs of conducting investigations account for over half of the costs this board pays the Department.
- Bureau of Security and Investigative Services: This bureau has a large licensee population (over 400,000) that contributes to larger shares of BreZE and Consumer Information Center costs.

Should you have any questions regarding this report, please contact Jennifer Simoes, Deputy Director for Legislative Affairs, at (916) 531-1096 or Jennifer.Simoes@dca.ca.gov.

Sincerely,



Kimberly Kirchmeyer
Director

cc:

The Honorable Stephen C. Padilla, Chair, Senate Budget Subcommittee No. 4
The Honorable Sharon Quirk-Silva, Chair, Assembly Budget Subcommittee No. 5
Tomiquia Moss, Secretary, Business, Consumer Services and Housing Agency
Emma Jungwirth, Assistant Program Budget Manager, Department of Finance
Jared Sippel, Principal Fiscal and Policy Analyst, Legislative Analyst's Office
Department of Consumer Affairs Executive Officers and Bureau Chiefs

Attachments:

Distributed Cost Methodology for Fiscal Year 2024-25
2024-25 Department of Consumer Affairs Distributed Costs Spreadsheet

**DEPARTMENT OF CONSUMER AFFAIRS
DISTRIBUTED COST METHODOLOGY FOR FISCAL YEAR 2024-25**

This document provides a general overview of the various allocation methodologies the Department uses to distribute centralized expenses to its Boards and Bureaus along with descriptions and examples of the calculations used for each methodology.

CONSUMER AND CLIENT SERVICES DIVISION (CCSD)

1. ADMINISTRATIVE and INFORMATION SERVICES DIVISION (AISD):

- *AISD LESS OFFICE OF INFORMATION SERVICES* (consists of the Executive Office, Equal Employment Opportunity Office, Internal Audits, Legal Affairs, Legislative Affairs, SOLID Training and Planning Solutions, Information Security, Organizational Improvement Office and the Office of Administrative Services [which consists of Fiscal Operations, Business Services Office, and Office of Human Resources]): Costs distributed to all boards/bureaus/programs based on authorized position count.
- *OFFICE OF INFORMATION SERVICES (OIS)*: Costs distributed based on service center usage. Cost centers include Applicant Tracking System (ATS) and Consumer Affairs System (CAS), BreEze, CONNECT, telecom, PC support, local area network and wide area network (LAN/WAN), and web services among others.
- *OFFICE OF PROFESSIONAL EXAMINATION SERVICES (OPES)*: Most Services are direct costs based on individual intra-agency agreements with boards/bureaus/programs. Approximately 25 percent of OPES budget is distributed based on authorized position count to boards/bureaus/programs required to report pursuant to [Business and Professions Code section 139](#).

2. COMMUNICATIONS DIVISION:

- *PUBLIC AFFAIRS*: Costs distributed based on authorized position count.
- *PUBLICATIONS, DESIGN AND EDITING*: Costs distributed based on authorized position count.
- *DIGITAL PRINT SERVICES*: Staffing costs distributed based on authorized position count. Costs of printing and materials are direct costs based on individual service request.
- *CONSUMER INFORMATION CENTER (CIC)*: Costs distributed based on client's past year workload. Non-jurisdictional correspondence and call costs are distributed to all boards/bureaus/programs based on authorized position count.

DIVISION OF INVESTIGATION (DOI)

- *SPECIAL OPERATIONS UNIT*: Costs distributed based on authorized position count.
- *HEALTH QUALITY INVESTIGATION UNIT (HQIU)*: Costs distributed fully to the Medical Board of California. Costs incurred by Allied Health Programs are based on an hourly rate and invoiced directly with reimbursement going to the Medical Board.
- *INVESTIGATION and ENFORCEMENT UNIT*: Costs distributed based on a two-year roll-forward methodology. This methodology uses a client's actual workload/costs from the prior year to build the client's budget in budget year, estimated to cover the client's budget year workload. This amount is modified with any credit or debit resulting from the client's prior year actual costs compared to their budgeted costs.

**DEPARTMENT OF CONSUMER AFFAIRS
DISTRIBUTED COST CALCULATIONS FOR FISCAL YEAR 2024-25**

AUTHORIZED POSITION COUNT

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

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

Example:

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

PAST YEAR WORKLOAD

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

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

Example:

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

SERVICE CENTER USAGE

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

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

Example:

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

DIRECT COST

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

TWO-YEAR ROLL-FORWARD

Used to distribute the budget for the Department's units where costs benefit more than one Board or Bureau, and workload is primarily based on a specific workload metric. Uses the ratio of past year workload to create a budget year estimate and modifies that amount with a true-up based on actual costs compared to the budget year estimate from two years ago. (Example: Investigation and Enforcement Unit)

$$\text{Budget Year Estimate (\%)} = \frac{\text{Program Specific Widget}}{\text{Total of All Programs Widgets}}$$

Past Year Actual	-	Past Year Estimate	=	Roll-Forward (Credit/Debit)	+	Budget Year Estimate	=	Allocated Cost
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Example:

$$\text{Program A Budget Year Estimate} = 20\% = \frac{8,000 \text{ Case Hours (Program A)}}{40,000 \text{ Case Hours (All Programs)}}$$

\$1,000,000	-	\$800,000	=	\$200,000 (Debit)	+	\$1,000,000	=	\$1,200,000
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**Department of Consumer Affairs Distributed Costs
2024 Budget Act**

Attachment B

Board / Bureau Name	2024-25 Authorized Positions	Consumer and Client Services Division					Division of Investigation					TOTAL	Percent of Budget	
		Administrative & Information Services Division			Communications Division		Public Affairs	Publications Design & Editing	Consumer Information Center	Special Operations Unit	Health Quality Investigation Unit			Investigation & Enforcement Unit
		AIIS Less OIS	OIS (less BreEZe)	OIS (BreEZe)	OIS (Biz Mod)									
Accountancy	104.8	2,071,000	663,000	-	-	55,000	107,000	454,000	64,000			3,414,000	17%	
Board of Architectural Examiners	24.9	493,000	328,000	-	195,000	12,000	25,000	25,000	14,000			1,092,000	22%	
Landscape Arch Committee	5.5	110,000	73,000	-	49,000	3,000	5,000	6,000	3,000			249,000	19%	
Athletic Commission	10.2	262,000	114,000	-	-	5,000	10,000	10,000	6,000			407,000	20%	
Boxer's Pension	0.5	9,000	10,000	-	-	-	-	-	-			19,000	15%	
Board of Behavioral Sciences	65.5	1,296,000	773,000	457,000	-	35,000	69,000	236,000	39,000			2,905,000	20%	
Chiropractic Examiners	19.4	382,000	256,000	-	135,000	9,000	18,000	22,000	11,000		868,000	1,701,000	28%	
Barbering & Cosmetology	96.2	1,904,000	1,268,000	1,957,000	-	51,000	96,000	686,000	58,000		254,000	6,274,000	28%	
Contractors State License Bd	427.6	7,040,000	1,415,000	-	-	191,000	361,000	343,000	209,000		46,000	9,605,000	12%	
Dental Board of CA	88.8	1,755,000	917,000	453,000	-	47,000	90,000	92,000	52,000		1,000	3,407,000	16%	
Dental Hygiene Board	15.0	297,000	175,000	60,000	-	7,000	14,000	14,000	8,000			575,000	19%	
Medical Board of California ¹	199.6	3,931,000	1,179,000	617,000	-	107,000	200,000	189,000	118,000	28,711,000		35,052,000	41%	
Acupuncture Board	12.0	236,000	148,000	-	135,000	6,000	11,000	11,000	7,000			554,000	14%	
Physical Therapy Board	29.4	582,000	336,000	136,000	-	14,000	29,000	32,000	17,000		889,000	2,035,000	28%	
Physician Assistant Board	11.0	305,000	138,000	68,000	-	5,000	11,000	11,000	6,000			544,000	16%	
Board of Podiatric Medicine	5.2	102,000	58,000	9,000	-	3,000	5,000	5,000	3,000			185,000	11%	
Board of Psychology	27.3	539,000	319,000	75,000	-	13,000	27,000	28,000	15,000		1,290,000	2,306,000	28%	
Respiratory Care Board	17.4	343,000	194,000	71,000	-	9,000	17,000	16,000	9,000			659,000	15%	
Speech-Language P.A./ Hearing Aid	14.6	557,000	224,000	-	-	7,000	14,000	15,000	8,000			825,000	25%	
Occupational Therapy	17.7	349,000	204,000	75,000	-	9,000	17,000	19,000	10,000		45,000	728,000	22%	
Board of Optometry	17.4	346,000	236,000	66,000	-	9,000	17,000	20,000	9,000		276,000	979,000	24%	
Osteopathic Medical Board	15.9	312,000	157,000	59,000	-	8,000	15,000	17,000	9,000		-	577,000	13%	
Board of Naturopathic Medicine	3.0	115,000	34,000	4,000	-	1,000	3,000	3,000	2,000		56,000	218,000	28%	
Board of Pharmacy	135.6	2,676,000	1,461,000	-	-	71,000	136,000	130,000	81,000			4,555,000	13%	
Board of Pharmacy - Sharps	2.0	-	-	-	-	-	-	-	-			-	0%	
Board for Prof. Engineers, Land Surveyors & Geologists	47.2	934,000	650,000	-	135,000	25,000	49,000	45,000	29,000		234,000	2,101,000	15%	
Board of Registered Nursing ²	229.8	4,543,000	2,388,000	2,345,000	-	123,000	237,000	280,000	138,000		10,131,000	20,185,000	30%	
Court Reporters Board	4.5	89,000	69,000	-	-	2,000	4,000	6,000	2,000			172,000	13%	
Structural Pest- Support	30.9	611,000	388,000	-	243,000	15,000	30,000	30,000	18,000			1,335,000	19%	
Veterinary Medical Board	38.3	751,000	381,000	122,000	-	20,000	37,000	45,000	23,000		306,000	1,685,000	19%	
Vocational Nursing & Psychiatric Technicians	73.4	1,453,000	796,000	400,000	-	39,000	77,000	82,000	45,000		1,447,000	4,339,000	24%	
Arbitration Certification Program	8.0	154,000	87,000	-	-	4,000	8,000	10,000	4,000			267,000	16%	
Private Security Services ³	77.9	1,540,000	1,147,000	1,758,000	-	41,000	79,000	1,363,000	46,000		41,000	6,015,000	31%	
Private Postsecondary	111.0	2,127,000	1,341,000	-	134,000	58,000	113,000	104,000	66,000		-	3,943,000	14%	
Household Goods and Services	68.9	1,322,000	829,000	-	243,000	33,000	67,000	73,000	38,000		-	2,605,000	19%	
Automotive Repair (VIRF)	543.8	10,289,000	6,056,000	-	-	294,000	562,000	987,000	323,000		-	18,511,000	14%	
Automotive Repair (HPRRA)	57.6	1,104,000	633,000	-	-	31,000	58,000	53,000	34,000		-	1,913,000	19%	
Automotive Repair (EFM)	9.0	172,000	99,000	-	-	4,000	8,000	8,000	5,000		-	296,000	26%	
Cemetery & Funeral	28.5	563,000	346,000	-	243,000	14,000	29,000	35,000	16,000		-	1,246,000	18%	
Bureau of Real Estate Appraisers	28.8	568,000	156,000	-	-	18,000	36,000	28,000	18,000		-	824,000	12%	
Professional Fiduciaries Bureau	4.5	89,000	63,000	-	-	2,000	4,000	21,000	2,000		-	181,000	16%	
TOTAL, 1111	2,728.6	52,321,000	26,109,000	8,732,000	1,512,000	1,400,000	2,695,000	5,554,000	1,565,000	28,711,000	15,884,000	144,483,000	21%	
Distributed Cost TOTAL	2,728.6	52,321,000	26,109,000	8,732,000	1,512,000	1,400,000	2,695,000	5,554,000	1,565,000	28,711,000	15,884,000	144,483,000	21%	
Reimbursements		305,000	1,320,000	-	-	56,000	-	-	-			1,681,000	-	
Direct Distributed (Ofc of Professional Examination Services)		1,593,000	-	-	-	-	-	-	-			1,593,000	-	
Total Budget		54,219,000	27,429,000	8,732,000	1,512,000	1,456,000	2,695,000	5,554,000	1,565,000	28,711,000	15,884,000	147,757,000	22%	

¹ The Medical Board of California funds the Department's Health Quality Investigation Unit, a unit of sworn investigators and support staff dedicated to providing the board with enforcement services that account for over 80% of the cost the board pays the Department

² The Board of Registered Nursing has a high number of cases referred to the Department's Division of Investigation and the costs of conducting those investigations account for over half of the costs this board pays the Department

³ The Bureau of Security and Investigative Services has a large licensee population that contributes to larger shares of BreEZe and Consumer Information Center costs