

STATE OF CALIFORNIA

Budget Change Proposal - Cover Sheet

DF-46 (REV 08/15)

Fiscal Year 2016-17	Business Unit 1111	Department Department of Consumer Affairs	Priority No. 1
Budget Request Name 1111-006-BCP-BR-2016-GB		Program 1425- Consumer Affairs Administration	Subprogram 1425049 – Consumer and Client Services Division 1426049-Distributed Consumer and Client Services Division

Budget Request Description
Assembly Bill 179 - Administrative and Enforcement Program Monitor

Budget Request Summary
This Budget Request is a result of Chapter 510, Statutes of 2015

The Department of Consumer Affairs (Department) is requesting a budget augmentation of \$150,000 in Fiscal Year 2016-17 and \$150,000 in FY 2017-18, to contract with a consultant effective 3/1/2016, to provide services as an Administrative and Enforcement Monitor, to monitor and evaluate the administrative process and disciplinary system and procedures of the Board of Vocational Nursing and Psychiatric Technicians (BVNPT), as mandated by AB 179 and chaptered into law effective 10/6/2015. The Department will absorb the current year costs of the contract in Fiscal Year 2015-16.

Additionally, this proposal requests the same budget augmentation for the BVNPT in Fiscal Year 2016-17 and 2017-18 to reimburse the Department for the costs of the contract.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed
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Does this BCP contain information technology (IT) components? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <i>If yes, departmental Chief Information Officer must sign.</i>	Department CIO	Date
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For IT requests, specify the date a Special Project Report (SPR) or Feasibility Study Report (FSR) was approved by the Department of Technology, or previously by the Department of Finance.

FSR SPR Project No. Date:

If proposal affects another department, does other department concur with proposal? Yes No
Attach comments of affected department, signed and dated by the department director or designee.

Prepared By <i>[Signature]</i>	Date 10/13/15	Reviewed By <i>[Signature]</i>	Date 10/13/15
Department Director <i>[Signature]</i>	Date 10-13-15	Agency Secretary <i>[Signature]</i>	Date 10-15-15

Department of Finance Use Only

Additional Review: Capital Outlay ITCU FSCU OSAE CALSTARS Dept. of Technology

BCP Type: Policy Workload Budget per Government Code 13308.05

PPBA Original signed by Jeff Carosone	Date submitted to the Legislature 1-7-16
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BCP Fiscal Detail Sheet

BCP Title: BVNPT Administrative and Enforcement Program Monitor (AB 179)

DP Name: 1111-048-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Operating Expenses and Equipment						
5340 - Consulting and Professional Services - External	0	150	150	0	0	0
Total Operating Expenses and Equipment	\$0	\$150	\$150	\$0	\$0	\$0
Total Budget Request	\$0	\$150	\$150	\$0	\$0	\$0

Fund Summary

Fund Source - State Operations

Vocational Nurse and Psychiatric

0779 - Technician Examiners Fund,
Professions and Vocations Fund

0779 - Technician Examiners Fund, Professions and Vocations Fund	0	150	150	0	0	0
Total State Operations Expenditures	\$0	\$150	\$150	\$0	\$0	\$0
Total All Funds	\$0	\$150	\$150	\$0	\$0	\$0

Program Summary

Program Funding

1240019 - Vocational Nurses Program

1425049 - Consumer and Client Services Division

1426049 - Distributed Consumer and Client Services Division

1240019 - Vocational Nurses Program	0	150	150	0	0	0
1425049 - Consumer and Client Services Division	0	150	150	0	0	0
1426049 - Distributed Consumer and Client Services Division	0	-150	-150	0	0	0
Total All Programs	\$0	\$150	\$150	\$0	\$0	\$0

Analysis of Problem

A. Budget Request Summary

This Budget Request is a result of Chapter 510, Statutes of 2015

The Department of Consumer Affairs (Department) is requesting a budget augmentation of \$150,000 in Fiscal Year 2016-17 and \$150,000 in FY 2017-18, to contract with a consultant effective March 1, 2016, to provide services as an Administrative and Enforcement Monitor, to monitor and evaluate the administrative process and disciplinary system and procedures of the Board of Vocational Nursing and Psychiatric Technicians (BVNPT), as mandated by AB 179 and chaptered into law effective 10/6/2015. The Department will absorb the current year costs of the contract in Fiscal Year 2015-16.

Additionally, this proposal requests the same budget augmentation for the BVNPT in Fiscal Year 2016-17 and 2017-18 to reimburse the Department for the costs of the contract.

B. Background/History

In 2015, the Senate Business, Professions and Economic Development Committee and the Assembly Business and Professions Committee (Committees) conducted joint oversight hearings to review 12 regulatory entities including the BVNPT. Assembly Bill (AB) 179 was introduced to implement specific legislative changes as recommended by the Committees, which require the Director of the Department to appoint an Administrative and Enforcement Program Monitor (AEPM) to monitor and evaluate the administrative processes and disciplinary systems and procedures of the BVNPT. The appointment must occur no later than March 1, 2016, and the Director is authorized to retain a person for this position by a personal services contract.

The AEPM will monitor and evaluate the BVNPT's administrative processes, with specific concentration on the management of staff, assistance of BVNPT board members, and the working relationship with the Legislature; and the BVNPT's disciplinary system and procedures, with specific concentration on improving the overall efficiency and consistency of the enforcement program.

Resource History
(Dollars in thousands)

Program Budget	PY - 4	PY - 3	PY - 2	PY - 1	PY
	2010-11	2011-12	2012-13	2013-14	2014-15
Authorized Expenditures	\$56,445	\$58,644	\$62,293	\$69,219	\$73,078
Actual Expenditures*	\$53,107	\$56,891	\$58,117	\$67,690	\$71,926
Revenues	\$118	\$109	\$6	\$96	\$85
Authorized Positions	590.4	612.6	525.5	536.5	536.5
Filled Positions	561.1	530.8	484.5	502.2	472.9
Vacancies	29.3	81.8	41.0	34.3	63.6

C. State Level Considerations

The BVNPT, the Department and the Legislature all place a very high priority on assuring that regulatory agencies have fair, swift, and active licensing and enforcement programs. AB 179 establishes the AEPM whose monitoring and evaluation will support the BVNPT and Department's mission of consumer protection and a fair and competitive market place.

D. Justification

AB 179 requires the AEPM to submit to the Department, the BVNPT, and the Legislature an initial written report of his or her findings and conclusions no later than July 1, 2016, subsequent written reports no later than November 1, 2016 and February 1, 2017, and a final report no later than January 1, 2018. The AEPM may also provide additional information to either the Department or the Legislature at his or her discretion or at the request of either the Department or the Legislature, and shall make his or her reports available to

Analysis of Problem

the public or the media. Further, the AEPM must make every effort to provide the BVNPT with an opportunity to reply to any facts, findings, issues, or conclusions in his or her reports with which the BVNPT may disagree.

The Department, nor the BVNPT can absorb these costs within their existing budget, nor do they have the available staffing to perform this workload.

The BVNPT had a minimal budget reversion in FY 2014-15, only after many steps were taken to ensure they did not exceed their budget authority. This included the elimination of all paid overtime, keeping critical positions vacant, and limiting or delaying other operating expenses. The BVNPT cannot sustain these reductions into this or the next few fiscal years without it negatively impacting its ability to meet licensing and enforcement mandates.

The Department provides administrative and programmatic services to all boards and bureaus. Absorbing these costs will impact its ability to provide services to other boards and bureaus by requiring a redirection of resources away from existing services.

E. Outcomes and Accountability

AB 179 requires the AEPM to submit periodic reports of his or her findings and conclusions to the BVNPT, the Department and the Legislature by July 1, 2016, subsequent reports by November 1, 2016, and February 1, 2017, and a final report before January 1, 2018. This will ensure that the monitoring, evaluation, and recommendations and findings of the BVNPT's administration and enforcement processes are addressed as required by AB 179.

F. Analysis of All Feasible Alternatives

Alternative 1: Provide the Department with a budget augmentation of \$150,000 in Fiscal Year 2016-17 and \$150,000 in FY 2017-18, to contract with a consultant effective March 1, 2016 to provide services as an AEPM. The Department will absorb the current year costs of the contract in Fiscal Year 2015-16. Additionally, provide the same budget augmentation for the BVNPT in Fiscal Year 2016-17 and 2017-18 to reimburse the Department for the cost of the contract.

Pros: This alternative will provide the BVNPT with the resources to reimburse the Department for its costs, and will provide the Department with additional spending and reimbursement authority to address the requirements of AB 179.

Cons: The BVNPT fund will be minimally impacted.

Alternative 2: Provide only the BVNPT with a budget augmentation of \$150,000 in Fiscal Year 2016-17 and \$150,000 in FY 2017-18, to reimburse the Department for the cost of the consultant contract.

Pros: This alternative will provide the BVNPT with the resources to reimburse the Department for its costs and will provide this reimbursement to the Department.

Cons: The BVNPT fund will be minimally impacted, and the Department will be forced to redirect resources from other administrative functions to fund the costs.

Alternative 3: Provide only the Department with a budget augmentation of \$150,000 in Fiscal Year 2016-17 and \$150,000 in FY 2017-18, to contract with a consultant effective March 1, 2016.

Pros: The Department would receive additional fund and reimbursement authority to fund the consultant costs.

Cons: The BVNPT would have to find savings in order to absorb these costs, which would require redirection of resources. The BVNPT's existing budget cannot absorb this cost without impacting other programmatic areas.

Alternative 4: Both the Department and the BVNPT absorb the costs of the consultant contract.

Pros: There will be no impact to the BVNPT's fund.

Analysis of Problem

Cons: This would require both the BVNPT and the Department to redirect resources from other administrative and programmatic areas, thereby impacting their ability to address other critical functions.

G. Implementation Plan

Upon approval of the BCP, the Director of the Department will appoint the AEPM by March 1, 2016. The Department will absorb any current year costs in FY 2015-16.

H. Supplemental Information

None.

I. Recommendation

The Department and BVNPT recommend Alternative 1, which will allow both entities to most efficiently meet the requirements and expectations of AB 179.

0779 - Vocational Nursing Program Analysis of Fund Condition

10/14/2015

(Dollars in Thousands)

	ACTUALS			
	PY 2014-15	CY 2015-16	BY 2016-17	BY+1 2017-18
BEGINNING BALANCE	\$ 10,647	\$ 11,557	\$ 12,305	\$ 12,555
Prior Year Adjustment	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 10,647	\$ 11,557	\$ 12,305	\$ 12,555
REVENUES AND TRANSFERS				
Revenues:				
125600 Other regulatory fees	\$ 209	\$ 60	\$ 60	\$ 60
125700 Other regulatory licenses and permits	\$ 3,464	\$ 3,431	\$ 3,431	\$ 3,431
125800 Renewal fees	\$ 6,587	\$ 6,811	\$ 6,811	\$ 6,811
125900 Delinquent fees	\$ 132	\$ 158	\$ 158	\$ 158
141200 Sales of documents	\$ -	\$ -	\$ -	\$ -
142500 Miscellaneous services to the public	\$ 1	\$ -	\$ -	\$ -
150300 Income from surplus money investments	\$ 28	\$ 36	\$ 39	\$ 125
150500 Interest from Interfund Loans	\$ -	\$ -	\$ -	\$ -
160100 AG Proceeds	\$ 1	\$ 1	\$ 1	\$ 1
161000 Escheat of unclaimed checks and warrants	\$ 8	\$ -	\$ -	\$ -
161400 Miscellaneous revenues	\$ 8	\$ -	\$ -	\$ -
163000 Settlements/Judgements	\$ -	\$ -	\$ -	\$ -
Totals, Revenues	\$ 10,438	\$ 10,497	\$ 10,500	\$ 10,586
Totals, Revenues and Transfers	\$ 10,438	\$ 10,497	\$ 10,500	\$ 10,586
Totals, Resources	\$ 21,085	\$ 22,054	\$ 22,805	\$ 23,141
EXPENDITURES				
Disbursements:				
1110 Program Expenditures (State Operations)	\$ 9,520	\$ 9,734	\$ 10,085	\$ 10,413
8880 Financial Information System for California (State Operations)	\$ 8	\$ 15	\$ 15	
Admin/Enforcement Program Monitor - AB 179	\$ -	\$ -	\$ 150	150
Total Disbursements	\$ 9,528	\$ 9,749	\$ 10,250	\$ 10,563
FUND BALANCE				
Reserve for economic uncertainties	\$ 11,557	\$ 12,305	\$ 12,555	\$ 12,578
Months in Reserve	14.2	14.4	14.3	14.0