

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 1111-038-BCP-BR-2016-GB		Program 1196 – STATE BOARD OF OPTOMETRY	Subprogram 1196020 – REGISTERED DISPENSING OPTICIANS

Budget Request Description
 Registered Dispensing Opticians (Assembly Bill 684, Chapter 405, Statutes of 2015)

Budget Request Summary

Assembly Bill (AB) 684 (Alejo, Chapter 405, Statutes of 2015) moves the Registered Dispensing Optician Program (RDO) from under the Medical Board of California (MBC) to the State Board of Optometry (Board). As a result, RDO is requesting position authority for a 0.5 Office Technician (Typing) (OT) and a 0.6 Special Investigator (SI) to replace current services provided to the program by the MBC and Division of Investigation (DOI): Health Quality Investigation Unit (HQUI). Since the RDO currently has a budget to reimburse the MBC for these services, the program will not be requesting additional expenditure authority to support these positions.

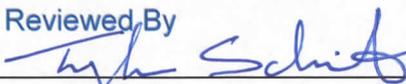
This request includes an offsetting reduction in position authority of a 0.5 OT and funding of \$39,000 for the MBC and a 0.6 SI and \$62,000 for DOI: HQUI.

Requires Legislation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Code Section(s) to be Added/Amended/Repealed	
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

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 	Date 12.30.15	Reviewed By 	Date 12/30/15
Department Director 	Date 12/30/15	Agency Secretary 	Date 1/4/16

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: RDO Move to Optometry Board (AB 684)

DP Name: 1111-049-BCP-DP-2016-GB

Budget Request Summary

	FY16					
	CY	BY	BY+1	BY+2	BY+3	BY+4
Total Positions	0.0	0.0	0.0	0.0	0.0	0.0
Salaries and Wages						
Earnings - Permanent	0	-45	-45	-45	-45	-45
Total Salaries and Wages	\$0	-\$45	-\$45	-\$45	-\$45	-\$45
Total Staff Benefits	0	32	32	32	32	32
Total Personal Services	\$0	-\$13	-\$13	-\$13	-\$13	-\$13
Operating Expenses and Equipment						
5301 - General Expense	0	2	2	2	2	2
5302 - Printing	0	1	1	1	1	1
5304 - Communications	0	1	1	1	1	1
5306 - Postage	0	1	1	1	1	1
5320 - Travel: In-State	0	6	6	6	6	6
5322 - Training	0	1	1	1	1	1
5342 - Departmental Services	0	-101	-101	-101	-101	-101
5346 - Information Technology	0	1	1	1	1	1
Total Operating Expenses and Equipment	\$0	-\$88	-\$88	-\$88	-\$88	-\$88
Total Budget Request	\$0	-\$101	-\$101	-\$101	-\$101	-\$101

Fund Summary

Fund Source - State Operations						
0758 - Contingent Fund of the Medical Board of California	0	-101	-101	-101	-101	-101
Total State Operations Expenditures	\$0	-\$101	-\$101	-\$101	-\$101	-\$101
Total All Funds	\$0	-\$101	-\$101	-\$101	-\$101	-\$101

Program Summary

Program Funding						
1150019 - Medical Board of California - Support	0	-101	-101	-101	-101	-101
1150020 - Registered Dispensing Opticians	0	-101	-101	-101	-101	-101
1196020 - Registered Dispensing Opticians	0	101	101	101	101	101
1425041 - Division of Investigation	0	-65	-65	-65	-65	-65
1426041 - Distributed Division of Investigation	0	65	65	65	65	65

Analysis of Problem

A. Budget Request Summary

Assembly Bill (AB) 684 (Alejo, Chapter 405, Statutes of 2015) moves the Registered Dispensing Optician Program (RDO) from under the Medical Board of California (MBC) to the State Board of Optometry (Board). As a result, RDO is requesting position authority for a 0.5 Office Technician (Typing) (OT) and a 0.6 Special Investigator (SI) to replace current services provided to the program by the MBC and Division of Investigation (DOI): Health Quality Investigation Unit (HQIU). Since the RDO currently has a budget to reimburse the MBC for these services, the program will not be requesting additional expenditure authority to support these positions.

This request includes an offsetting reduction in position authority of a 0.5 OT and funding of \$39,000 for the MBC and a 0.6 SI and \$62,000 for DOI: HQIU.

B. Background/History

AB 684 is a result of over a decade of litigation debating the legitimacy of current law prohibiting certain business relationships between an optometrist and a registered dispensing optician. The final case, National Association of Optometrists & Opticians v. Harris, confirmed the constitutionality of California statutes.

The plaintiffs in the case, the National Association of Optometrists and Opticians, Lens Crafters, Inc., and Eye Care Centers of America, Inc., argued that the laws restricting business arrangements between opticians and optometrists violate the dormant Commerce Clause of the United States Constitution. The plaintiffs argued it was unfair that optometrists and ophthalmologists may set up a practice where patients may receive both eye examinations and prescription eyewear, but opticians may offer only the sale of eyewear, not eye examinations, and therefore are unable to offer the convenience of "one-stop shopping" in California. The Court upheld the California law as constitutional, stating that the law was not discriminatory and did not place a significant burden on interstate commerce just because it precludes a preferred, more profitable method of operating in a retail market.

While the decision placed a final affirmation on existing law, determining its impact on California's optical market was not concluded. The law did not anticipate the myriad leasing, co-locating, and employment relationships that rose during its debated legality.

AB 684 authorizes leasing arrangements between an optometrist, registered dispensing optician, and an optical company under specified terms, establishes a three year transition period for entities not currently in compliance with the terms of this bill, and authorizes the inspection of any premises at which the business of a registered dispensing optician is co-located with the practice of an optometrist. It also moves the RDO from the MBC to the Board, giving voice and vote to the regulated population, representation not available under the MBC, and establishes an advisory committee with a requirement that the Board hear its concerns. This bill directs the transfer of all funds, duties, powers, purposes, responsibilities, and records from the MBC to the Board to regulate registered dispensing opticians.

Resource History (Dollars in thousands)

Program Budget	PY - 4	PY - 3	PY - 2	PY - 1	PY
Authorized Expenditures	\$305	\$316	\$340	\$323	\$336
Actual Expenditures	\$178	\$200	\$210	\$237	\$211
Revenues	\$166	\$186	\$176	\$177	\$197
Authorized Positions	0.9	0.9	0.9	0.9	0.9
Filled Positions	0.6	0.6	0.7	1.0	1.0
Vacancies	0.3	0.3	0.2	0.0	0.0

Analysis of Problem

C. State Level Considerations

The RDO fund is projected to become insolvent by FY 2017-18, even without the additional costs created by AB 684. There is additional space in RDO's statutory fee caps to raise fees to \$100 (from \$75), but this will not be sufficient to address the current structural deficit of the RDO fund. The Board is in the process of contracting out for a fee analysis to determine the appropriate fee levels, as they were last raised in 1999.

D. Justification

The RDO program currently has a 0.9 Management Services Technician (MST), which serves as the programs licensing analyst. However, the MBC currently provides administrative support to the RDO program and the Division of Investigation's Health Quality Investigations Unit (HQIU) provides enforcement support. Administrative support currently received from the MBC equates to a 0.5 Office Technician. Services include cashiering, receiving and mailing, complaint processing, information technology services and other miscellaneous administrative support. Enforcement support provided by the HQIU equates to a 0.6 Special Investigator and workload consists of conducting desk investigations on complaints or other violations.

When the RDO moves under the Board, they will no longer receive these services from the MBC and will need to acquire the staffing resources to continue to carry out these duties. RDO's existing budget already includes appropriation for these services however, so the RDO will not need to seek additional expenditure authority for this purpose.

Additionally, AB 684 creates a Dispensing Optician Committee consisting of five members (two registered dispensing opticians, two public members, and one member from the Board). New costs associated with this committee will include daily per diem of \$100 per member and travel expenses (airfare, lodging, and food) for members travelling from southern California. This analysis assumes the RDO Committee will include three northern California and two southern California members. Travel costs for the southern California members would be \$665 per member and assumes four meetings a year. This cost is estimated to be \$7,320 (\$1,830 x 4) annually. This cost will be absorbed by RDO.

Travel Costs		RDO Committee	
Round Trip Airfare	\$500	3 NorCal Members (per diem)	FY 16-17 & Ongoing \$300
Hotel (per day)	\$125	2 SoCal Members (per diem)	\$200
Food (per day)	\$40	2 SoCal Members (air, hotel, food)	\$1,330
		TOTAL:	\$1,830 per meeting

Trailer bill language will be proposed to make additional technical changes to the provisions of AB 684 to ensure a seamless transition of the RDO program from MBC to Optometry. These changes will also assist Optometry in effectively implementing the RDO program going forward.

E. Outcomes and Accountability

This proposal will allow the RDO to have a voice and vote for the regulated population of opticians, and establish an advisory committee with a requirement that the Board hear its concerns.

Optometry anticipates that there will be additional workload to implement the required inspection program as required by AB 684. Regulations will need to be developed to determine the parameters of the new inspection program and how to identify/calculate businesses that have a registered dispensing optician and optometrist in the same office. Once the regulations are developed, the Board will reevaluate their resource need and may pursue a subsequent proposal to request resources sufficient to carry out those provisions.

Analysis of Problem

F. Analysis of All Feasible Alternatives

Alternative 1 – Approve the Dispensing Optician Committee and establish a permanent 0.5 Office Technician and a 0.6 Special Investigator position within the RDO and redirect \$7,000 from existing resources to fund the Dispensing Optician Committee.

Pro: This alternative will allow RDO to recommend registration standards and criteria for dispensing opticians, review of the disciplinary guidelines related to RDO's, and implementing all responsibilities and duties imposed upon pursuant to this bill or as delegated by the Optometry Board.

Con: Redirection of resources could impact the current licensing and enforcement time lines of the Program.

Alternative 2 – Approve the establishment of a permanent 0.5 Office Technician and a 0.6 Special Investigator position within the Board. The RDO will pay for these costs via an interagency agreement with the Board.

Pro: This request will not require an augmentation to the RDO budget.

Con: This alternative would not provide the level of resources needed to address the current and future needs of the Dispensing Optician Committee.

Alternative 3 – Status Quo. The administrative and enforcement support associated with the positions will be absorbed by current RDO staff.

Pro: This alternative would not require additional funding.

Con: This alternative would require RDO to absorb the additional workload associated with the implementation of AB 684 within existing resources and require RDO to redirect resources from other mission critical areas. It would also not provide the RDO with the staffing resources necessary to carry out the administrative and enforcement duties currently provided to the RDO by the MBC and the HQUI.

G. Implementation Plan

Upon approval, RDO will begin the recruitment process for the 0.5 Office Technician and 0.6 Special Investigator with a proposed hiring date of July 1, 2016.

H. Supplemental Information

Please see attached fund condition, and org charts.

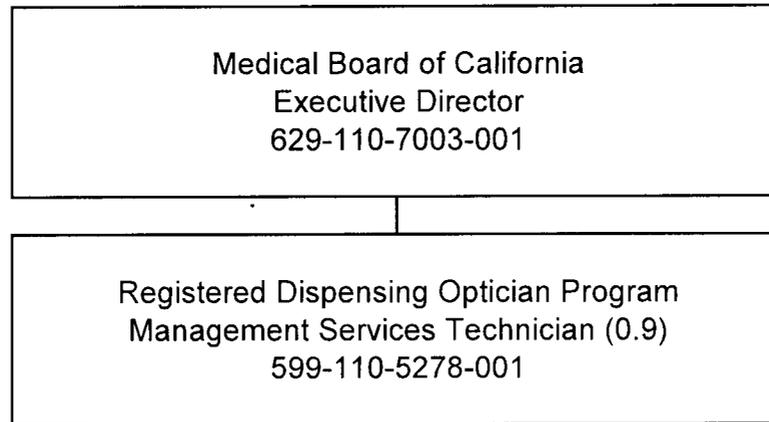
I. Recommendation

RDO recommends alternative 1. It will allow RDO to support the Dispensing Optician Committee created in AB 684 and provide the staffing resources necessary to continue operations.

Department of Consumer Affairs
Registered Dispensing Opticians

Current Org Chart
July 1, 2015

FY 2015-16
Authorized for 0.9 Positions



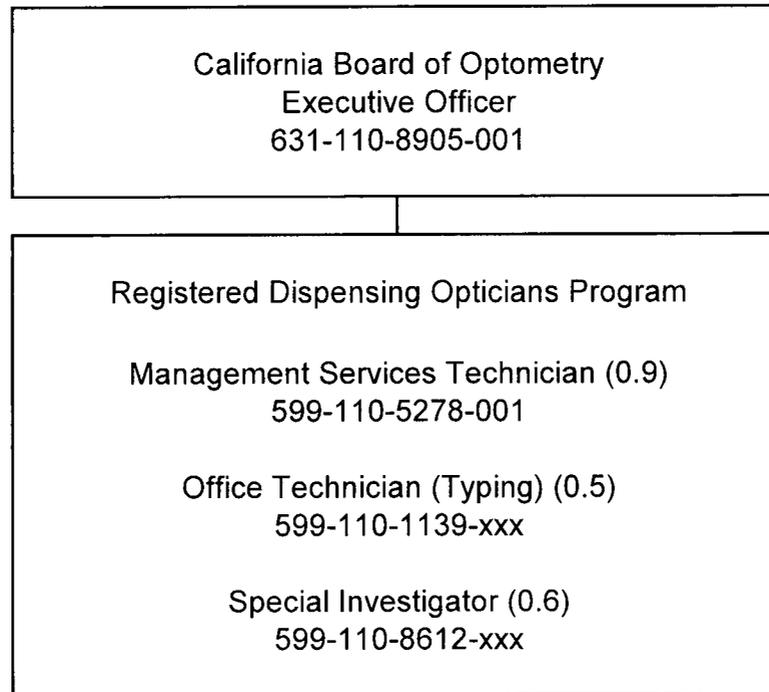
Kimberly Kirchmeyer, Executive Director

Personnel Analyst

Department of Consumer Affairs
Registered Dispensing Opticians

Proposed Org Chart
October 8, 2015

FY 2016-17
Authorized for 2.0 Positions



Jessica Sieferman, Executive Officer

Personnel Analyst

0175 - Registered Dispensing Opticians Analysis of Fund Condition

Prepared 10/7/2015

(Dollars in Thousands)

Budget Act of 2015	Budget Act				
	Actuals 2014-15	CY 2015-16	BY 2016-17	BY + 1 2017-18	BY + 2 2018-19
BEGINNING BALANCE	\$ 249	\$ 172	\$ 132	\$ 18	\$ -103
Prior Year Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 249	\$ 172	\$ 132	\$ 18	\$ -103
REVENUES AND TRANSFERS					
Revenues:					
125600 Other regulatory fees	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
125700 Other regulatory licenses and permits	\$ 29	\$ 29	\$ 29	\$ 29	\$ 29
125800 Renewal fees	\$ 149	\$ 149	\$ 149	\$ 149	\$ 149
125900 Delinquent fees	\$ 7	\$ 7	\$ 7	\$ 7	\$ 7
141200 Sales of documents	\$ -	\$ -	\$ -	\$ -	\$ -
142500 Miscellaneous services to the public	\$ -	\$ -	\$ -	\$ -	\$ -
150300 Income from surplus money investments	\$ 1	\$ -	\$ -	\$ -	\$ -
160400 Sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -
161000 Escheat of unclaimed checks and warrants	\$ -	\$ -	\$ -	\$ -	\$ -
161400 Miscellaneous revenues	\$ 8	\$ -	\$ -	\$ -	\$ -
Totals, Revenues	\$ 197	\$ 188	\$ 188	\$ 188	\$ 188
Transfers from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Totals, Revenues and Transfers	\$ 197	\$ 188	\$ 188	\$ 188	\$ 188
Totals, Resources	\$ 446	\$ 360	\$ 320	\$ 206	\$ 85
EXPENDITURES					
Disbursements:					
1110 Program Expenditures (State Operations)	\$ 275	\$ 352	\$ 359	\$ 366	\$ 374
Estimated Savings	\$ -	\$ -125	\$ -	\$ -	\$ -
Technical Adjustment - Negative BCP	\$ -	\$ -	\$ -57	\$ -57	\$ -57
8840 FSCU (State Operations) - DOF update	\$ -	\$ 1	\$ -	\$ -	\$ -
8860 FSCU (State Operations)	\$ -	\$ -	\$ -	\$ -	\$ -
8880 Financial Information System for California (State Operations)	\$ -	\$ -	\$ -	\$ -	\$ -
9670 Equity Claims / Board of Control (State Operations)	\$ -	\$ -	\$ -	\$ -	\$ -
Total Disbursements	\$ 275	\$ 228	\$ 302	\$ 309	\$ 317
FUND BALANCE					
Reserve for economic uncertainties	\$ 172	\$ 132	\$ 18	\$ -103	\$ -231
Months in Reserve	9.1	5.3	0.7	-3.9	-7.3