

**FINDING OF EMERGENCY
RE-ADOPTION OF EMERGENCY REGULATIONS
(Government Code Section 11346.1, subdivision (b);
California Code of Regulations, Title 1, Section 50)**

SUBJECT MATTER OF PROPOSED REGULATIONS: Fee Schedule

SECTIONS AFFECTED: California Code of Regulations (CCR), Title 16, Division 20, Article 7, Sections 2070 and 2071

SPECIFIC FACTS SHOWING THE NEED FOR IMMEDIATE ACTION:

The Fee Schedule Emergency regulations that underlie the proposed rulemaking package, and the Finding of Emergency therein were originally approved by the Office of Administrative Law (OAL) on January 27, 2020. Since the approval of the Fee Schedule Emergency regulations, the Veterinary Medical Board (Board) has been working diligently to submit the Certificate of Compliance package through the standard rulemaking process in order to obtain approval by OAL by the required certification period deadline, as prescribed by the Administrative Procedure Act. To date, the Board has received preliminary approval from the Department of Consumer Affairs (DCA) and the Business, Consumer Services, and Housing Agency (Agency). Additionally, the regulations were noticed for a 45-day public comment period (OAL File number Z-2020-0915-06), which began on September 25, 2020 and closes on November 9, 2020. Since the submission of the package, the Board has worked closely with DCA to expedite the process.

The Board has further consulted with OAL and the DCA Regulations Unit, and it has been recommended that the Board submit a request to re-adopt the emergency fee schedule regulations in order to extend the effectiveness of the emergency regulations and to allow adequate time for final review of the Certificate of Compliance package by DCA, Agency, and OAL.

The initial filing of the emergency rulemaking for the Fee Schedule was necessary to avoid the imminent shutdown of the Board's licensing and enforcement activity, the impending insolvency of the Board, and the resulting serious harm to the public and their animals. The Board is experiencing significantly increased expenditures, a structural imbalance (between revenues and expenditures), and a rapidly declining Contingent Fund (i.e., "savings account") that will immediately impact the Board's ability to continue its enforcement efforts and threatens the performance of its core licensing, examination, and inspection functions.

Due to factors beyond the Board's control that have increased Board expenditures while not adequately increasing revenues as outlined below, the Board's core mission of consumer protection was, and without the re-adoption of the Fee Schedule Emergency filing, will be, threatened. Recent projections showed that the Board was on the verge of

insolvency, and it was projected that the Board would be completely insolvent in Fiscal Year (FY) 2020-2021.

The Board started FY 2019-2020 with a dangerously-low balance in its Contingent Fund. If the Board's monthly revenue drops more than expected, or there is an unexpected rise in its monthly expenses, the fund will be depleted. Accordingly, the Board could be at risk of being unable to pay for critical expenses.

Moreover, the Board's projected insolvency would lead to the Board ceasing all regulatory activity, including disciplinary case proceedings at the Attorney General's Office (AG). The Board would be forced to cancel all disciplinary hearings with the Office of Administrative Hearings (OAH), which are scheduled eight to 10 months in advance. This would prevent the adjudication of the most serious cases of consumer and animal harm and allow dangerous practitioners to continue practicing veterinary medicine.

Additionally, without immediate action to extend the emergency filing, which has begun to increase and stabilize the Board's revenues, the Board will be unable to request additional staffing to adequately address the significant enforcement increase, because State budgeting rules require stable revenue or a healthy Contingent Fund to support the request.

The emergency and subsequent rulemaking actions to increase the Board's regulatory fee schedules will increase the Board's revenues to ensure that the Board continues to pay its bills, complies with its mandated fund condition reserves, can request additional spending authority for enforcement activities, and maintains solvency.

The Board filed an emergency fee increase in 2018 and subsequently filed a regular rulemaking, effective in April 2019, to conservatively raise fees in an attempt to address the Board's inadequate revenue and imminent insolvency. The Board intended to raise fees again in two years to the statutory maximum. However, the prior fee increase failed to meet the Board's expectations--it did not adequately address the decreasing fund nor did it bring in the anticipated revenue. In addition, the fee increase proved even more inadequate due to abrupt and significant AG rate increases, an increase in enforcement workload, and a decrease in anticipated revenue. The Board must re-adopt the Fee Schedule Emergency filing to keep its fees raised while the Certificate of Compliance package moves through the rulemaking process in order to pay critical expenses and to avoid insolvency. The regular rulemaking process is insufficient to meet the Board's immediate needs, as it can take up to 12 months to complete. A re-adoption is needed to keep the Board on sound fiscal footing while the rulemaking process proceeds. And while the Certificate of Compliance package will address the Board's long-term budget needs, it cannot and does not address the Board's immediate needs.

Background:

In accordance with Business and Professions Code (BPC) section 4800.1, the Board's highest priority is protection of the public in exercising its regulatory, licensing,

inspection, and disciplinary functions. Additionally, BPC section 4905 mandates the Board maintain a fund condition reserve of not less than three months and no more than 10 months. The reserve ensures that the Board has adequate funds on hand to account for unexpected revenue drops or pay for unanticipated expenses. Indeed, boards and bureaus within DCA typically maintain a reserve fund balance of approximately six months to be able to respond to unanticipated revenue fluctuations and costs, such as decreases in licensing populations (and the associated revenue drop), litigation expenses, and increases in enforcement costs. (See BPC sections 3145 [Optometry Board maintains up to a six-month reserve]; 3775, subd. (d) [Respiratory Care Board maintains six-month reserve]; 7138.1 [Contractors State License Board maintains six-month reserve].) The Board started its 2019-2020 fiscal year last July with a dangerously-low reserve balance of \$469,000. At that time, it equated to approximately one month in reserve, and the fund only deteriorated further during the subsequent months.

Since FY 2014-2015, Board revenue has not kept pace with its authorized expenditures, thereby creating a structural imbalance where the Board's Contingent Fund (i.e., "savings account") is declining. That is, the Board's revenues, on a FY basis, are less than its expenditures, creating a budget deficit. In order to make up for the operating budget deficit, the Board subsidizes its structural imbalance via funds from its Contingent Fund, which, without a permanent adoption of the current fee schedule increase, would decline and be unable to subsidize the structural imbalance.

Despite the recent fee increase in 2018, the Board dropped below its statutorily mandated floor of not less than three months of annual authorized expenditures in FY 2017-2018, and it was projected to be completely insolvent in FY 2020-2021.

In its 2018 rulemaking package, the Board noted that the prior fee schedule increase was needed due to the following:

- *“Almost a 100% increase in consumer complaint volume and case processing from FY 2013-2014 to FY 2016-2017.*
- *Interdepartmental fee increases for the AG and OAH.*
- *Legislative mandates to increase veterinary premises inspections to 20% of premises per year and to enact the Veterinary Assistant Controlled Substances Permit (VACSP) program.*
- *Revenues from the VACSP program have materialized at a slower rate than projected, leading to a deficiency in needed revenue from the program.*
- *Increases to Personnel Services, including general salary increases negotiated by the State and mandated health care and retirement contributions.*
- *Intradepartmental increases in pro rata, including the Division of Investigation (DOI), Office of Professional Examination Services, and BreEZe database costs.*
- *Increases in Subject Matter Expert and Hospital Inspector contracted compensation.*
- *Increases in authorized staff positions from 12.8 in FY 2013-2014 to 23.8 in FY 2014-2015 and ongoing for the enforcement, premises inspection, and VACSP programs.”*

In addition, the Board explained that costs attributed to personnel, DOI, AG and other general costs continued to climb, while increased enforcement workload contributed to higher expenditures specific to DOI, AG, and OAH.

Additionally, in 2018, the Board provided the following detailed reasons for the increased fees, to support the Board's need for more revenue:

“Consumer Complaint Volume:

Between FY 2012-2013 and FY 2016-2017, the Board has seen a 100% increase in consumer complaints submitted annually against Board licensees from approximately 450 complaints filed in FY 2012-2013 to over 1,000 complaints submitted in FY 2016-2017. These additional consumer complaints have directly led to increased expenditures for investigations by the DOI, filing of formal discipline with the AG, and conducting disciplinary hearings with the OAH.

The additional expenditures required the Board to request (using a provision in the Governor's budget to request and obtain mid-FY increases to AG and OAH appropriations) and obtain a mid-FY 2016-2017 increase of an additional \$324,000 to its AG and OAH appropriation. Additionally, the Board was approved for a permanent appropriation increase of \$176,000 beginning in FY 2017-2018 and ongoing to its AG and OAH appropriation in an attempt to satisfy increased expenditures and workload.

Increases to the Board's AG and OAH appropriations, however, have proven insufficient to fund the Board's growing workload and expenditures in FY 2017-2018 and beyond. For example, AG expenditures are projected at more than \$840,000 in the current fiscal year, whereas the Board has only appropriated \$560,000 for these expenditures. AG expenditures are projected to be fully expended by March 2018 and the Board is unable to redirect resources to fund the rising AG, OAH, and DOI costs, as the Board will fully expend all appropriated funding for all other cost areas.

Without additional revenue provided by a permanent fee schedule increase, the Board is severely limited in its ability to seek a mid-FY increase to its AG and OAH appropriations, similar to the Board's request and approval in FY 2016-2017, as there are inadequate funds in its Contingent Fund to support the adjustment. Consequently, the Board expects to exhaust its current enforcement appropriation as soon as March 2018 and will be forced to cease its disciplinary enforcement activities at that time, absent the proposed fee increase. By ceasing disciplinary proceedings, the Board will be unable to forward formal disciplinary complaints to DOI for investigation and cases to the AG's office for discipline. Investigations and cases sent to DOI and the AG's office include the most egregious violations of the Veterinary Medicine Practice Act that lead to license suspensions, probation, and license revocations. The Board will further be forced to cancel all OAH hearings that are scheduled 6-8 months in advance, delaying

the adjudication of the most serious cases of consumer and animal harm and allowing dangerous practitioners to continue practicing veterinary medicine.

BreEZe Database Costs:

In FY 2011-2012, the DCA contracted with an information technology vendor to provide all boards and bureaus within DCA a new integrated licensing, inspections, and enforcement database, BreEZe. BreEZe costs are paid by each board or bureau using the database. Through FY 2016-2017, BreEZe program costs to the Board have been approximately \$795,000, with an additional \$675,000 in project costs projected through FY 2019-2020. There has been no additional revenue to offset expenditures for the new integrated database. The extent of total BreEZe costs to the Board was unanticipated as project costs early in the project life-cycle were unknown and have increased considerably from initial projections.

Increase in Authorized Staff Positions:

In FY 2014-2015, the Board was approved for an additional 11.0 staff (doubling the Board's staffing) for the Board's enforcement program, inspections program, and the new VACSP program. The additional staff added a \$937,000 expenditure ongoing to be paid from the Board's Fund. To fund a part of this expenditure, the Board projected additional revenue from VACSP program fees upon implementation of the new license and, at the time, the Board's Fund Condition was healthy with no additional revenue necessary to fund the additional staff. However, the Board was unable to begin accepting VACSP applications until October of 2016 due to the timeline to promulgate regulations and the delayed implementation of the new BreEZe database. By the time VACSP applications were accepted and program revenues were beginning to be collected in October of 2016, the Board's Contingent Fund had shrunk to approximately four (4) months of annual authorized expenditures.

VACSP Program Revenue:

The VACSP program has been registering veterinary assistants at a slower pace than projected, which reduced revenue, and continues to provide revenue below the Board's estimates. The Board previously anticipated approximately 10,000 veterinary assistants working in the State would register with the Board over a two-year period beginning in FY 2016-17. However, because the VACSP registration requirement is new to the industry and because many current veterinary assistants are uncertain and/or unaware of the VACSP registration requirement, VACSP registration revenue has been slower to materialize than projected, therefore resulted in less revenue than anticipated.

Fee Audit:

To assess the extent of the Board's structural imbalance and need for additional revenue, staff contracted with Capitol Accounting Partners (CAP) in December of 2016 to conduct a comprehensive fee audit and report that included a cost analysis of the Board's Administrative, Licensing, Premises, and Enforcement programs, as well as prepare fee and revenue projections and recommendations... The CAP audit report recommended that to be structurally solvent, the Board must immediately generate at least \$5.3 million in total revenue each Fiscal Year to fund its operational costs and maintain the mandatory healthy reserve of 3-10 months in its Contingent Fund. Currently, the Board's fees generate approximately \$4.3 million in revenues, leaving a shortfall of approximately \$1 million. The Board's fee schedule increase proposal focuses on those fees that generate 97% of the Board's revenue by drawing from fee categories with a larger volume of fees as opposed to smaller fee sources where the impact to the fee, and, ultimately, the number of individual applicants or licensees, must be greater to make up the requisite revenue. Specific fees were calculated based on total additional revenue required to maintain fund solvency, the Board's fee audit, a review of each licensee's ability to absorb an increase to individual fees, and comparative analysis of similar professional fees."

The CAP audit report only recommended what was needed to maintain the status quo at the time. The report did not evaluate whether additional revenue would be needed to cover future expenditure increases, such as AG rate increases, intradepartmental increases (pro-rata), or additional staffing costs.

The report presented two implementation options: "a one-time increase to meet existing operations costs and reserve needs, or a tiered approach where the fees are phased in over a two-year period." Board staff recommended the latter, so licensees would be less impacted with the gradual increase rather than a one-time increase to the statutory caps. With this option, the Board needed to pursue another increase within two years. After careful deliberation, the Board agreed with the staff recommendation and pursued rulemaking in order to increase existing fees.

At the Board's December 11, 2017 meeting, Board staff presented the need to pursue emergency rulemaking in order for the fees to take effect immediately (stating that a regular rulemaking could take up to 12 months to effectuate). The Board agreed and approved pursuing emergency rulemaking. The new fees took effect in March 2018. Since then, however, the Board's fund has continued to deteriorate, as detailed below.

Decrease in Anticipated Revenue

In addition to the continuous decrease in anticipated revenue from the VACSP noted above, the Board is currently collecting less revenue in several line items than previously anticipated. Most notably, the Board is no longer collecting revenue from California registered veterinary technician (RVT) examination fees. After a thorough review of the California RVT examination, the existing statute, the occupational

analysis, an analysis from American Association of Veterinary State Boards, and input from stakeholders, the Board unapproved the examination at its April 2019 Board meeting. Since the exam is no longer required, the Board no longer collects that revenue. While the Board is saving roughly \$50,000 in annual expenditures to develop and implement the exam, the Board now generates roughly \$180,000 less annual revenue than previously projected.

The Board also regularly experiences uneven month-to-month revenue fluctuations. The chart below illustrates the type of revenue fluctuations the Board experienced in FY 2018-2019.

Monthly Revenue FY 2018-2019

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
\$368,284	\$423,315	\$325,006	\$451,692	\$345,664	\$342,946	\$386,655	\$360,346	\$687,805	\$676,618	\$642,993	\$670,348

As the chart shows, the Board experienced month-to-month revenue decreases as large as \$106,028. If such large revenue drops were to occur in consecutive months, the Board’s entire budget reserve would be nearly exhausted and the Board would be at risk of not being able to pay its bills.

2019 AG Rate Increase

In a June 28, 2019 client notification letter distributed on July 3, 2019, the AG’s office notified the DCA of significant rate increases effective July 1, 2019. The new rates are as follows:

- Attorney services from \$170 to \$220, resulting in a 30% increase
- Paralegal services from \$120 to \$205, resulting in a 71% increase

In a subsequent letter, dated July 12, 2019, the AG’s office clarified the new rate increases would take effect on September 1, 2019. Based on this increase, the Board was projected to be completely insolvent in FY 2020-2021.

As with the Board’s revenue, its expenditures are subject to significant month-to-month fluctuation. The charts below show the Board’s AG and OAH monthly costs for the 2018-2019 fiscal year.

Monthly AG Costs FY 2018-2019

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
\$45,962	\$69,887	\$81,037	\$57,645	\$72,335	\$49,161	\$61,682	\$43,205	\$67,415	\$51,806	\$63,543	\$41,687

Monthly OAH Costs FY 2018-2019

Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
\$4,500	\$6,570	\$26,530	\$31,760	\$12,190	\$5,630	\$24,450	\$28,620	\$13,740	\$42,370	\$31,390	\$5,870

As shown in the above charts, the Board experiences month-to-month cost fluctuations as large as \$23,925 in AG costs, and \$28,630 in OAH costs. Moreover, due to the AG's increased rate, a monthly AG cost of \$23,925 at the former rate of \$170 per hour would now equate to a cost increase of \$30,962 at the AG's new \$220 rate.

If the Board were to experience the same substantial cost increases that it has previously experienced in consecutive months, or in combination with a low revenue month, or if other unexpected costs arise, the Board's current budget reserve would be depleted, the Board could not pay its bills, and the Board would need to immediately cease enforcement activity and paying for other critical expenses.

Significant Need for Increased Enforcement Staff

The last Board enforcement staff increase was based on increased workload through FY 2013-2014. Since that time, complaints submitted to the Board have increased by 83% (through FY 2018-2019). The Board currently has four enforcement analysts and has over 1,900 pending cases. Each enforcement analyst has over 475 cases, which is unmanageable and inadequate for effective consumer protection. The only way to adequately protect the public is to increase staff to properly manage the increased workload. The Board cannot, however, afford to hire additional enforcement staff without additional revenue to pay for them.

Fund Condition Statement:

With this re-adoption of the Emergency Fee Schedule proposal, the Board is providing the following fund condition statement:

- 1) Projected Budget – Projected Fund Condition with Emergency Fee Schedule Increase – effective January 27, 2020 (dated October 28, 2020)

The Projected Fund Condition Statement with fee schedule increase reflects the emergency fee increases that took effect January 27, 2020 and assumes that those same fee increases carry over to FY 2020/21 and ongoing. It also includes increased AG costs based on the 2019 AG rate increase. As shown on this statement, the fee increase eliminates the Board's structural imbalance and maintains a healthy reserve of not less than 3 months to no more than 10 months in its Contingent Fund.

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW:

Amend California Code of Regulations, Title 16, Division 20, Article 7, (CCR) Sections 2070 and 2071.

Existing laws authorize the Board to charge fees for eligibility application, examination, initial licensure application, temporary licenses, license renewals, and delinquent renewals. The Board is a self-supporting, special fund agency that generates its revenue from application and licensing fees. The Board is proposing to continue the

increase in fees, and the addition of one more fee, at their statutory maximums, as detailed in Table 1 below.

Table 1. Fee Schedule

Revenue Category	Fees	
	CURRENT	NEW
Application Eligibility Review - Veterinarian	\$150.00	\$350.00
California State Board Exam	\$235.00	\$350.00
Initial License - Veterinarian	\$350.00	\$500.00
Biennial Renewal - Veterinarian	\$350.00	\$500.00
Temporary License - Veterinarian	\$175.00	\$250.00
Application Review - University	\$125.00	\$350.00
Initial License - University	\$290.00	\$500.00
Biennial Renewal - University	\$290.00	\$500.00
Delinquent Renewal - Veterinarian	\$35	\$50
Delinquent Renewal - Veterinary Premises	\$35.00	\$50.00
Application Eligibility Review - Veterinary Technician	\$150.00	\$350.00
Initial Registration - Veterinary Technician	\$160.00	\$350.00
Biennial Renewal - Veterinary Technician	\$160.00	\$350.00
Delinquent Renewal - Veterinary Technician	\$35.00	\$50.00
Approval of Veterinarian Technician School/Institution (new fee)	N/A	\$300

After conducting a review for any regulations that would relate to or affect this area, the Board evaluated this regulatory proposal and found it is not inconsistent or incompatible with existing regulations.

PURPOSE, ANTICIPATED BENEFIT, AND RATIONALE:

Based on the Board’s fund condition, CAP audit report, and staff research, it was determined that an all-inclusive fee increase was necessary to maintain the Board’s structural solvency and increase the statutorily mandated Contingent Fund. Without the fee increase, a structural imbalance would have occurred, continuing on into future fiscal years, and would have put the Board at risk of insolvency and severely impacting its mandate of consumer protection.

As captured in the CAP audit report, 45% of the Board’s revenue comes from initial application, licensing, and examination fees. Approximately 52% of revenue is generated by renewal fees, and 3% of miscellaneous transactions such as delinquency fees, duplicate license fees, and address fine fees. Enforcement operations were shown to be increasing and continue to be a significant portion of the Board’s overall expenditure authority at greater than 60% of the Board’s overall expenditures.

While some Enforcement cost recovery/reimbursement may occur after a disciplinary action, that percentage is very low. For instance, in FY 2018-2019, \$110,000 was collected in cost recovery, compared to almost \$2.5 million in total Enforcement expenditures (approximately 4.5% of total expenditures). Further, such recovery occurs only on an order from an administrative law judge or as part of a stipulated settlement, which would occur only when a formal accusation has been filed. Costs would not be recovered for complaints that determine no violation occurred or on dismissal of an action.

The CAP audit report concludes and recommends that to be structurally solvent, the Board must generate at least \$5.3 million in revenue each year to fund its operational costs while maintaining a healthy reserve of 3-10 months in its Contingent Fund. As noted previously, the audit showed fees generate approximately \$4.3 million in revenue, leaving a shortfall of approximately \$1 million below the CAP audit report's recommended revenue.

Based on the Board's Fund Condition Statement, CAP audit report, and staff research, the Board proposed to increase fees that generate 97% of the Board's revenue (45% revenue from initial application fees, licensing, and examination fees, plus 52% revenue from renewal fees); the miscellaneous transaction fees are largely already at their statutory maximums and cannot be increased. Additionally, the Board sought to add a new application fee associated with the approval of schools and institutions offering a curriculum for training RVTs, pursuant to BPC 4842.5, subdivision (g), and 4843.

The Board's proposal factored in the total workload volume of each fee. For example, renewal fees will always generate a larger percentage of revenue due to the exponentially larger number of renewal applications received versus initial eligibility applications, so the proposal continues the increased renewal fees to cover the greater amount of work necessary to process those renewal applications. This methodology more equitably distributes the overall fee increase across applicants and licensees.

Additionally, the Board chose specific fee increases based on other similar Department board fees. The fees from boards with licensees similar to the Board reflect that the Board has one of the smaller fees per license type and consequently, staff used the fee structure from other boards as a basis for modifying the proposed increase to Board fees. These proposed fee increases resolve a structural imbalance of the Board that would otherwise occur, while maintaining compliance with BPC section 4905.

The Board has been able to operate within its existing budget by carefully monitoring expenditures and being conservative on purchases. However, due to the increasing costs outside the Board's control as noted above, the Board's budget analyst's projections over the next five years show the need for a fee increase, and why the existing increases must be re-adopted while the Certificate of Compliance moves through the rulemaking process. The Board is very aware of the current fiscal climate in California, and the proposed fee increases are designed to be as conservative as possible while creating a solvent Contingent Fund to ensure that the Board has funds to carry out its consumer protection mandate.

The Board's highest priority is consumer protection. The Board achieves this important priority by ensuring applicants meet education and training requirements for licensure, inspecting veterinary premises, investigating complaints against applicants and licensees, and disciplining applicants and licensees for violations of the Veterinary Medicine Practice Act (Act). The Board is fully funded by application and licensing fees, and without adequate financial resources, the Board is unable to operate at a capacity that fulfills its highest priority of consumer protection.

Due to recent dramatic increases in consumer complaint volume that has led to higher AG and OAH expenditures, continued high BreZE database system administration costs, recent significant AG rate increases, decreases in anticipated revenue, and the need to hire additional enforcement staff, the Board's Contingent Fund was below the mandated three-month reserve for annual expenditures and was projected to be insolvent in FY 2020-2021. The Fee Increase Emergency regulations approved by OAL on January 27, 2020, increased the Board's revenues, forestalling insolvency. Because the Certificate of Compliance regular rulemaking is not complete, without a re-adoption of the Fee Schedule Emergency regulations, the Board's current revenues would drop back to unsustainable levels, returning the Board to being unable to bridge the shortfall between yearly revenues and expenditures.

Immediate action is required to re-adopt the Fee Schedule Emergency regulation to sustain the increase in regulatory fees collected by the Board. Sustaining the increased fees will increase the Board's revenues and funding available to continue uninterrupted the Board's enforcement, premises inspections, and licensing operations.

Re-adopting the proposed fee increase will provide the Board with resources necessary to fund its operations and fulfill its mission of consumer protection. Absent continuing the increase in fees, the Board would need to restrict its core operations, including slowing its ability to process applications, reducing the inspection of veterinary premises, curtailing investigations, and limiting the Board's ability to adjudicate violations of the Act in an expedient manner. This restriction to the operational functions of the Board would threaten the Board's ability to achieve its mission and statutory mandate of consumer protection and would place the public in jeopardy of being harmed by allowing dangerous practitioners to continue practicing veterinary medicine. The Board incorporates by reference the 1 CCR 48 statement in the Initial Fee Schedule Emergency Finding of Emergency. The Board also incorporates by reference the approval of the regulatory text being re-adopted, which was provided in the Initial Emergency Rulemaking File, and is provided again here as Underlying Data.

UNDERLYING DATA:

1. Initial Emergency Regulatory Rulemaking File
2. OAL Notice of Approval of Emergency Regulatory Action for Fee Schedule, effective January 27, 2020
3. June 28, 2019 AG client notification letter
4. July 12, 2019 AG clarification letter

5. Projected Budget – Projected Fund Condition with Emergency Fee Schedule Increase – effective January 27, 2020 (dated October 28, 2020)
6. October 9-11, 2019 Board Meeting Agenda; Relevant Meeting Materials; and Meeting Minutes
7. April 23, 2020 Board Meeting Agenda; Relevant Meeting Materials; and Meeting Minutes
8. Capital Accounting Partners, LLC – July 2017 Audit Report

AUTHORITY AND REFERENCE:

Pursuant to the authority vested in BPC section 4808, and to implement BPC sections 4842.5, 4843, and 4905, the Board is proposing changes to sections 2070 and 2071 of Article 7 of Division 20 of Title 16 of the California Code of Regulations.

FISCAL IMPACT ESTIMATES:

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State: The anticipated additional revenue from the proposed fee increase will increase the Board's revenue from current to approximately \$2,302,020 additional revenue per Fiscal Year ongoing.

Costs/Savings in Federal Funding to the State: None

Nondiscretionary Costs/Savings to Local Agencies: None

Local Mandate: None

Cost to Any Local Agency or School District for Which Government Code Sections 17500 - 17630 Require Reimbursement: None

Business Impact: Since there is no increase to veterinary premises (hospitals), there is no anticipated economic impact on businesses. The proposal may impact costs of businesses if those businesses pay the costs of application, licensing, or renewal fees for its veterinarian or RVT employees.

Impact on Jobs/New Businesses: The Board has determined that this regulatory proposal will not have a significant impact on the creation of jobs or new businesses or the elimination of jobs or existing businesses or the expansion of businesses in the State of California.

Cost Impact of Representative Private Person or Business: This regulation may have an economic impact on private persons, specifically, veterinarians and veterinary technicians. The proposal may impact private businesses if those businesses pay the costs of application, licensing, or renewal fees for its veterinarian or RVT employees.

Specific annual applicant and licensee cost impacts ongoing are shown in Table 2 below:

Table 2. Cost Impact - Applicant and License Population

Revenue Category	Population	Fee Increase Amount	Annual Increase Amount
Application Eligibility Review - Veterinarian	786	\$200.00	\$157,200
California State Board Exam	671	\$115.00	\$77,165
Initial License - Veterinarian	634	\$150.00	\$95,100
Biennial Renewal - Veterinarian	6,200	\$150.00	\$930,000
Temporary License - Veterinarian	82	\$75.00	\$6,150
Application Review - University	75	\$225.00	\$16,875
Initial License - University	63	\$210.00	\$13,230
Biennial Renewal - University	5	\$210.00	\$1,050
Delinquent Renewal - Veterinarian	225	\$15.00	\$3,375
Application Eligibility Review - Veterinary Technician	914	\$200.00	\$182,800
Initial Registration - Veterinary Technician	675	\$190.00	\$128,250
Biennial Renewal - Veterinary Technician	3,600	\$190.00	\$684,000
Delinquent Renewal - Veterinary Technician	205	\$15.00	\$3,075
Approval of Veterinarian Technician School/Institution (new application fee)	25	\$300 (new)	*3,750
		Total	\$2,302,020

*\$3,750 is a two-year average. The new fee would occur biennially – 25 schools @ \$300 each is \$7,500 every two years.

Effect on Housing Costs: None