



# MEMORANDUM

<b>DATE</b>	July 16, 2020
<b>TO</b>	Veterinary Medical Board
<b>FROM</b>	Timothy Rodda, Administration/Licensing Manager
<b>SUBJECT</b>	<b>Agenda Item 14A. Administration Report</b>

**Expenditure Report and Fund Condition**

Attached is the most recent Expenditure Projection based on Fiscal Month (FM) 11 (May 2020). Based on these projections, the Board reverted 8.8% of its budget (\$496,296) to the Board fund. This savings is largely due to hearings being postponed by the Office of Administrative Hearings in light of the pandemic. In addition, the Board has saved significantly in travel costs due to the Board transitioning to virtual meetings.

As demonstrated in the attached Division of Investigation (DOI) spreadsheet, DOI hourly rates continually increase, with the current rate at \$302.69 per hour. Despite this continual increase, the Board’s decreased utilization of DOI and increased utilization of its inspection program has led to significant cost savings. Compared to Fiscal Year (FY) 2018/2019, the Board’s DOI hours decreased by roughly 66% in FY 2019/2020. However, due to the two-year roll forward billing system, these cost savings will not be recognized until two years from now.

The attached Board Analysis of Fund Condition reflects implementation of the Emergency Fee increase in FY 2019/2020 and the May Revise for Budget Year 2020-2021, which includes the Board’s six additional positions in enforcement. The Fund is projected to have five months in reserve this fiscal year. However, Board staff anticipates reserves depleting in future years as additional staffing is necessary.

A representative from the Department of Consumer Affairs’ (DCA) Budget Office will present the aforementioned budget documents to the Board during the July 23-24, 2020 meeting.

**Board Communication** (Strategic Plan Objective 3.3)

As members are aware, the Board has received numerous complaints regarding the Board’s inability to provide timely responses to stakeholder inquiries. While the majority of these complaints stemmed from exceptionally high staff turnover (an issue DCA Internal Audits has identified since 2015) and a high vacancy rate among units, Board staff believe the previously established methods of communicating with stakeholders exacerbated the issue. As such, staff has improved the following two main methods of communication:

**Board Email Accounts**

In addition to individual staff email accounts, the Board also has the following email accounts:

- [VMB@dca.ca.gov](mailto:VMB@dca.ca.gov)

- [Licensing.VMB@dca.ca.gov](mailto:Licensing.VMB@dca.ca.gov)
- [VMBinspection@dca.ca.gov](mailto:VMBinspection@dca.ca.gov)
- [Enforcement.VMB@dca.ca.gov](mailto:Enforcement.VMB@dca.ca.gov)
- [Probation.VMB@dca.ca.gov](mailto:Probation.VMB@dca.ca.gov)

The intent of the multiple accounts was to have emails go directly to the proper units with the goal of a faster response time. However, these accounts have caused confusion for stakeholders, many of whom end up emailing the same inquiry to multiple accounts. This increases staff workload and leads to duplicative work, since multiple staff respond to the same inquiry. When the Board was short staffed, there was also confusion as to who was regularly monitoring the accounts and multiple stakeholder inquiries were not responded to timely.

Oftentimes, if an applicant had a question about their application, the applicant would email the main email account. That email would then be transferred to the licensing email, and then transferred to the technician in charge of that application type. In the past, any paper correspondence from staff, such as a deficiency letter, directed individuals to send documents, questions, and responses to one of the main accounts, rather than to the staff member directly. It was common for emails to be transferred multiple times until the appropriate person was reached. This unnecessarily leads to untimely responses.

To remedy this, the Board will be transitioning to one main email account: [VMB@dca.ca.gov](mailto:VMB@dca.ca.gov). Each unit will have a designated individual who will monitor the account and either respond or forward emails to the appropriate individual for handling. In addition, any correspondence from the Board will have the name and the direct contact information of the staff member responsible for assisting the individual.

#### Telephone System (Strategic Plan Objective 3.6)

The Board also has multiple telephone lines for each unit, as well as the main office line. Having multiple telephone lines has led to the same issues as multiple email addresses identified above. In addition, with the entire licensing unit teleworking, all calls have gone to voicemail. While staff is responsible for responding to voicemails within 24 business hours, it still delays assisting callers.

To remedy this issue, the Board telephone lines will be reduced to one main line, and the receptionist will be responsible for forwarding each call to the appropriate individual, rather than forwarding the call to another unit's telephone line. In addition, the Board is participating in a DCA pilot program using a call feature in Microsoft Teams. Instead of using traditional desk phones, each staff member has been assigned a new telephone number in Microsoft Teams. Staff are able to make and answer calls directly from their computers, and voicemails are recorded, transcribed, and emailed directly to the staff member assigned to that phone number.

#### **Physical Mail Process** (Strategic Plan Objective 3.4)

The Board continues to receive a significant amount of daily physical mail. With the outbreak of COVID-19, office procedures were updated to scan the incoming mail to the network drive, where staff would be able to access the mail remotely. Staff have also been encouraging stakeholders to email, rather than mailing, documents directly to individual Board staff, which leads to faster communication with the Board, eliminates the time it takes for documents to be processed through regular mail, and decreases the workload generated by processing incoming mail.

### **BreEZe Usage** (Strategic Plan Objective 3.5)

In order to encourage applicant/licensee usage of BreEZe and increase process efficiencies, links to BreEZe have replaced the paper applications available on the Board's website. In addition, multi-page renewal coupons that licensees had to complete and mail back to the Board have been replaced with a one-page renewal directing licensees and registrants to renew online through BreEZe.

### **Legislation**

Through the Board's Sunset review process, multiple legislative proposals have been submitted to the Legislature to address many of the Board's strategic plan objectives. These proposals include the following:

- 4.1 Review and develop statutes and regulations regarding violations of premises owners to hold the premises registrant liable for violations.
- 4.6 Increase statutory license fee caps to maintain the stability of the Board.
- 4.7 Examine the licensure exemptions (excluding livestock) to protect consumers and their animals from unlicensed practitioners.
- 4.8 Create [legislation] on how to remove a Diversion Evaluation Committee member to give the Board president the authority if necessary.
- 4.9 Evaluate the clinical practice hours regulation for reciprocity for license applicants to reduce unnecessary barriers for veterinarians who have practiced the last 2 years in another country.
- 4.11 Address false and misleading advertising of specialty and board certification to provide and enhance consumer protection.

In addition, the Board analyzed existing statutes and regulations regarding rodeos (Strategic Plan Objective 4.12) during its January 2020 meeting and decided no further Board action is warranted.

The Board also approved a legislative proposal at its January 2020 meeting enhancing the Board's citation authority to provide clarity to the process. At the same meeting, the Board approved a regulatory proposal that aligns with statutory authority allowing the Board to issue citations for any violation of its Practice Act.

Further, the Board has worked closely with the sponsors of Senate Bill 627 (Galgiani, 2019) in order to pursue funding for cannabis research in veterinary medicine to protect consumers and their animals (Strategic Plan Objective 4.13).

### **Regulations**

As indicated in Agenda Item 9, several pending regulations have progressed through the process over the last year. Staff have devoted a significant amount of time, working with DCA's Legal Affairs Division and Budget Office, to move the rulemaking files through DCA's review process and publicly notice the proposed regulations with the Office of Administrative Law (OAL).

Recently, OAL has updated their public notice guidelines to allow for electronic submittal from the initiating agency. The Board was the first DCA program to utilize this more efficient process.

### **Diversion Program**

The next Diversion Evaluation Committee (DEC) meeting is scheduled for October 2020. The DEC meets every January/February, June, and October. There is currently one participant in the Diversion Program.

### **FY 2020/2021 Goals**

In addition to continued work on the items listed above, Board staff will seek to accomplish the following goals this fiscal year:

- 3.2 Update the Board website to make it more user friendly.
- 3.9 Update frequently asked questions on the Board website to address consumer and licensee questions and improve customer service.
- 3.8 Review and refine desk manuals and new employee orientations to reduce staff training time and increase effectiveness and consistency.
- 3.7 Increase access to professional development training for staff to improve the effectiveness and efficiency of staff.
  - Board management will also work closely with SOLID and CalHR to identify virtual professional development training opportunities for staff. Due to COVID-19, most SOLID training opportunities have been postponed. We are hopeful virtual opportunities will be identified this fiscal year.

Board staff is also committed to reviewing all statutes and regulations to identify process improvements and potential unnecessary licensing barriers.

### **Attachments:**

1. Board Expenditure Projection Report
2. DOI Utilization Spreadsheet
3. Board Analysis of Fund Condition

**VETERINARY MEDICAL BOARD - 0777**  
**BUDGET REPORT**  
**FY 2019-20 EXPENDITURE PROJECTION**  
**Prelim FM 11**  
Based on 6/12 Activity Log

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2019-20	FY 2019-20	FY 2019-20	FY 2019-20
OBJECT DESCRIPTION	ACTUAL EXPENDITURES (MONTH 13)	ACTUAL EXPENDITURES (Prelim 12)	ACTUAL EXPENDITURES (Prelim 12)	CY REVISED BUDGET	CURRENT YEAR EXPENDITURES 6/12 Activity Log	PERCENT SPENT	PROJECTIONS TO YEAR END	UNENCUMBERED BALANCE
<b>PERSONNEL SERVICES</b>								
Salary & Wages (Staff)	1,019,574	992,880	1,096,811	1,333,000	1,034,573	78%	1,144,346	188,654
Statutory Exempt (EO)	94,812	101,102	96,744	82,000	91,784	112%	100,128	(18,128)
Temp Help	25,472	33,116	54,551	33,000	11,789	36%	12,000	21,000
Board Member Per Diem	7,700	9,500	10,900	14,000	7,600	54%	9,600	4,400
Committee Members (DEC)	4,600	3,400	0	11,000	1,100	10%	3,000	8,000
Overtime	426	2,259	0	0	1,296	N/A	1,500	(1,500)
Staff Benefits	666,328	679,391	703,297	912,000	712,533	78%	787,254	124,746
<b>TOTALS, PERSONNEL SVC</b>	<b>1,818,912</b>	<b>1,821,648</b>	<b>1,962,303</b>	<b>2,385,000</b>	<b>1,860,675</b>	<b>78%</b>	<b>2,057,828</b>	<b>327,172</b>
<b>OPERATING EXPENSE AND EQUIPMENT</b>								
General Expense	34,243	20,335	20,570	31,000	9,148	30%	21,000	10,000
Fingerprint Reports	512		5,411	6,000	36,486	608%	39,803	(33,803)
Printing	26,881	43,491	34,509	29,000	39,913	138%	40,000	(11,000)
Communication	1,336	1,721	1,729	22,000	1,660	8%	2,000	20,000
Postage	23,402	28,498	8,743	28,000	0	0%	20,214	7,786
Insurance	20	6,280	7,419	0	53	N/A	5,000	(5,000)
Travel In State	72,636	32,523	20,006	193,000	30,906	16%	32,000	161,000
Travel, Out-of-State	0	0	178	0	0	N/A	0	0
Training	68		4,835	20,000	15,140	76%	15,140	4,860
Facilities Operations	117,554	120,058	122,816	102,000	130,890	128%	142,789	(40,789)
C & P Services - Interdept.		84	90	0	96	N/A	100	(100)
C & P Services - External	257,713		93,802	148,000	119,033	80%	119,033	28,967
<b>DEPARTMENTAL SERVICES (PRO RATA):</b>								0
Office of Information Services	488,657	506,000	487,000	404,000	370,333	92%	404,000	0
Admin/Exec	261,981	301,000	333,000	413,000	378,583	92%	413,000	0
Interagency Services			2,447	50,000	3,236	6%	3,300	46,700
IA w/ OPES	70,832	0	62,788	0	13,432	N/A	33,115	(33,115)
DOI- Spec Ops (Internal)	6,439	7,000	10,000	14,000	12,833	92%	14,000	0
Communications Division	50,079	9,000	11,000	15,000	13,750	92%	15,000	0
Program Policy Review Division	1,308	47,000	39,000	33,000	30,250	92%	33,000	0
<b>INTERAGENCY SERVICES:</b>								0
Consolidated Data Center	26	8,070	2	10,000	9,302	93%	10,000	0
Information Technology	3,369	27,033	672	5,000	273	5%	1,000	4,000
<b>EXAM EXPENSES:</b>								0
C/P Svcs-External Expert Examiners	40,686	288,948	0	31,000	80,003	258%	85,000	(54,000)
<b>ENFORCEMENT:</b>								0
Attorney General	657,122	837,755	705,366	889,000	660,996	74%	721,087	167,913
Office Admin. Hearings	151,691	113,215	227,750	134,000	206,050	154%	224,782	(90,782)
Court Reporters	9,363	59,601	31,100	0	34,966	N/A	50,000	(50,000)
Evidence/Witness Fees	162,244	124,067	136,736	163,000	75,551	46%	140,000	23,000
DOI - Investigations	825,796	522,000	549,000	475,000	435,417	92%	475,000	0
Equipment				60,000	45,514	76%	54,514	5,486
<b>TOTALS, OE&amp;E</b>	<b>3,300,770</b>	<b>3,114,072</b>	<b>2,982,466</b>	<b>3,284,000</b>	<b>2,753,815</b>	<b>84%</b>	<b>3,114,877</b>	<b>169,123</b>
<b>TOTAL EXPENSE</b>	<b>5,119,682</b>	<b>4,935,720</b>	<b>4,944,769</b>	<b>5,669,000</b>	<b>4,614,490</b>	<b>81%</b>	<b>5,172,704</b>	<b>496,296</b>
Sched. Reimb. - Fingerprints	(5,640)	(4,225)	(3,055)	(11,000)	(11,466)		(11,000)	0
Sched. Reimb. - Other	(197,407)	(215,789)	(194,368)	(15,000)	(277,207)		(15,000)	0
<b>NET APPROPRIATION</b>	<b>4,916,635</b>	<b>4,715,706</b>	<b>4,747,346</b>	<b>5,643,000</b>	<b>4,325,817</b>	<b>77%</b>	<b>5,146,704</b>	<b>496,296</b>
<b>SURPLUS/(DEFICIT):</b>								<b>8.8%</b>

**Board of Veterinary Medicine  
History of Division of Investigation Services**

	FISCAL YEARS					
	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Actuals	Actuals	Estimated	Estimated
	242.81	226.60	260.52	302.69	302.69	302.69
Investigative Hours	1,765.25	2,569.25	1,619.75	1,252.25	426.75	426.75
Budget	\$ 628,000	\$ 884,000	\$ 522,000	\$ 549,000	\$ 475,000	\$ 343,000
Actual Costs	\$ 428,621	\$ 582,192	\$ 421,990	\$ 379,046	\$ -	\$ -
Amount Charged	\$ 617,594	\$ 825,796	\$ 489,216	\$ 510,886	\$ 475,000	\$ 343,000
Annual Difference	\$ (188,973)	\$ (243,604)	\$ (67,226)	\$ (131,840)	\$ (475,000)	\$ (343,000)
2-yr roll forward	\$ 159,065	\$ 169,627	\$ (29,908)	\$ (73,977)	\$ (97,134)	\$ (205,817)
Bd. Debt/ Credit	\$ (29,908)	\$ (73,977)	\$ (97,134)	\$ (205,817)	\$ (572,134)	\$ (548,817)

  

	This amount rolled forward as a <b>credit</b> to 2017/18	This amount rolled forward as a <b>credit</b> to 2018/19	This amount rolled forward as a <b>credit</b> to 2019/20	This amount rolled forward as a <b>credit</b> to 2020/21	All estimated amounts are displayed in Italics. Theoretically, if workload levels out and remains constant the budget will match the expenditures and there would no longer be a roll-forward amount.
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**0777 - Veterinary Medical Board**  
**Analysis of Fund Condition**

Prepared 6.25.2020

(Dollars in Thousands)

**2020-21 May Revise Working**

- + CY 19-20 Emergency Fee Increase
- + CY Projections to Year End

	<b>ACTUALS 2018-19</b>	<b>CY 2019-20</b>	<b>MAY REVISE BY 2020-21</b>	<b>BY+1 2021-22</b>
<b>BEGINNING BALANCE</b>	\$ 745	\$ 2,047	\$ 2,670	\$ 3,017
Prior Year Adjustment	\$ 934	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 1,679	\$ 2,047	\$ 2,670	\$ 3,017
<b>REVENUES AND TRANSFERS</b>				
Revenues:				
4121200 Delinquent fees	\$ 30	\$ 30	\$ 36	\$ 36
4127400 Renewal fees	\$ 4,157	\$ 4,662	\$ 5,725	\$ 5,725
4129200 Other regulatory fees	\$ 88	\$ 57	\$ 57	\$ 57
4129400 Other regulatory licenses and permits	\$ 1,200	\$ 1,322	\$ 1,417	\$ 1,417
4143500 Miscellaneous services to the public	\$ 1	\$ 1	\$ -	\$ -
4163000 Income from surplus money investments	\$ 58	\$ 47	\$ 49	\$ 46
4171400 Escheat of unclaimed checks and warrants	\$ 4	\$ 6	\$ 4	\$ 4
Totals, Revenues	\$ 5,538	\$ 6,125	\$ 7,288	\$ 7,285
Totals, Revenues and Transfers	\$ 5,538	\$ 6,125	\$ 7,288	\$ 7,285
Totals, Resources	\$ 7,217	\$ 8,172	\$ 9,958	\$ 10,302
<b>EXPENDITURES</b>				
Disbursements:				
1111 Department of Consumer Affairs Program Expenditures (State Operations)	\$ 4,816	\$ 5,147	\$ 6,600	\$ 6,798
8880 Financial Information System of California (State Operations)	\$ -	\$ -	\$ -	\$ -
9892 Supplemental Pension Payments (State Operations)	\$ 37	\$ 80	\$ 80	\$ 80
9990 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	\$ 317	\$ 275	\$ 261	\$ 317
Total Disbursements	\$ 5,170	\$ 5,502	\$ 6,941	\$ 7,195
<b>FUND BALANCE</b>				
Reserve for economic uncertainties	\$ 2,047	\$ 2,670	\$ 3,017	\$ 3,107
<b>Months in Reserve</b>	4.5	4.6	5.0	5.0