

BOARD OF OPTOMETRY
INITIAL STATEMENT OF REASONS

Hearing Date: September 15, 2008

Subject Matter of the Proposed Regulation: Fees

Section Affected: 16 CCR §1524

Specific Purpose:

The proposed regulation would authorize the board to establish new fees.

Factual Rationale:

Existing law creates the Board for purposes of protecting the public's health and welfare by licensing and regulating optometrists, and requires these activities to be funded from fees imposed upon licensees.

The Board's operations are funded entirely by fees collected from applicants and licensees, which are held in the State Board of Optometry Fund. The Board licenses and/or registers approximately 6,800 optometrists, 350 branch offices, 950 fictitious business names, and 775 practice registrations.

The last fee increase was implemented in 1993 and is insufficient to support Board operations beyond Fiscal Year 2007/08. In 1993, the annual renewal fee was doubled from \$75 to \$150. In 1997, the Board implemented a shift from an annual to a biennial renewal cycle, which set the renewal fee at \$300. The fee has not changed since then.

The Board's fees are not sufficient to recover the cost of providing the services to the public, which is one cause of the need for a fee increase. For example, the Board collects fees as low as \$10 and provides a number of services for no fee.

Further, the Board has already taken the following actions to limit annual expenditures and avoid a fee increase:

- 1) Reduced use of the Attorney General's Office - only cases meeting certain criteria are referred for formal discipline.
- 2) Reduced use of the Department of Consumer Affairs Division of Investigations (DOI) - only cases meeting certain criteria are referred for investigation and probationers are no longer monitored by DOI.
- 3) Redirected probation monitoring from DOI to Board staff.
- 4) Eliminated staff training and overtime.

- 5) The Board newsletter was produced in electronic format only.
- 8) Implementation of automated programs for licensing (online renewals and applicant tracking) has been delayed.

Through the efforts listed above, the Board was successful in delaying the necessity for a fee increase for 3 years.

However, the Board could not eliminate the eventual need for increased revenue to support ongoing operations.

Despite the lack of increased resources, the Board's workload has increased. Examples of such workload increases include, but are not limited to:

- 1) Establishment of three new certifications: (therapeutic pharmaceutical agents, lacrimal irrigation and glaucoma).
- 2) Mandatory requirements and time constraints for processing Public Records Act requests.
- 3) Probation monitoring.
- 4) Development and maintenance of information on the Internet.

The Board has not sought an increase of its annual budget since Fiscal Year 1996/97. For the 2007/08 fiscal year, the Board's budget is estimated to be \$1.2 million. The fee increases proposed by this bill are expected to produce an additional \$500,000 annually.

With the exception of the application and renewal fee for a branch office license, the Board is currently collecting the maximum fee allowed by statute. In order to maintain core business functions (licensing, enforcement and consumer protection) in the regulatory program, rebuild the reserve funds, and absorb the anticipated and necessary increases in the operating budget in future years, the Board must increase its fee revenues.

Business Impact:

The board anticipates a minor impact on licensees.

Specific Technologies or Equipment:

This regulation does not mandate the use of specific technologies or equipment.

Considerations of Alternatives:

Because there is no mandate, an alternative would be not to propose the regulation.

However, there is no other alternative in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons than the proposed regulation.