



ISSUE MEMORANDUM

DATE	March 17, 2023
TO	Board Members, California State Board of Optometry (CSBO)
FROM	Gregory Pruden, Interim Executive Officer
SUBJECT	Agenda Item #3Bii– Budget Update – Discussion and Possible Action Regarding Future Fund Condition Issues

Background:

At the August 26, 2022 Board meeting detailed information was presented by the DCA Budget Office regarding the Board’s fund condition. Information presented at that time demonstrated that the Board had likely over projected expected revenues and with future expenditures expected to increase, the Board was facing a projected structural imbalance of \$964,000 in the current fiscal year 2022-23. The Board was informed that this structural imbalance could grow over time if corrective actions were not pursued.

At the December 9, 2022 Board meeting updated expenditure and fund condition documents were presented which showed that the projected structural deficit had been reduced to \$850,000.

The documents presented today show that the Board is projected to spend \$3,061,000 in the current fiscal year 2022-23, ending June 30, 2023. If revenues come in as currently projected, \$2,517,000, the Board would have a realized structural deficit of \$544,000.

As discussed at the August 2022 and December 2022 meetings, the main factor leading to the Board’s costs increasing over time are the 5 budget change proposals (BCPs) the Board was approved for. These BCPs gave the board 7 new positions. No additional revenues were received to pay for these positions. When a position is added to a Board’s organizational chart, it incurs pro rata costs for that position, which increases the Board’s expenditures. These costs are incurred even if the position goes unfilled and is vacant. As it happens, many of these positions have never been filled and the Board has incurred costs to keep them on the organizational chart. Presently, the Board has 7 vacancies (not all of the vacancies are the same positions as the 7 received from the BCPs). The main tool that boards have to control their expenditures is to not fill positions and realize the salary savings. As just mentioned, not every dollar is saved since pro rata costs are still incurred for vacant positions. The Board has carried a vacancy rate of around 33% for more than a year, which has helped control costs and reduce the structural deficit.

On the current Expenditure Chart, Item 3Bi you can see that the Board spent \$1.3 million in personal services in the last fiscal year (2021-2022). This current fiscal year the Board is on track to spend \$1.6 million, \$300,000 more. In fiscal year 2020-2021,

the Board spent \$1,080,000 in personal services. This is attributable to the increase in positions just mentioned and increases in salary and benefits. Commensurately, the Board's pro rata expense will also increase, from \$481,000 last fiscal year, to \$634,000 this fiscal year, \$154,000 more.

The Board needs to pursue corrective action to address the structural deficit. Presently there are nine (9) fees which the Board charges that are not at their statutory cap. (See highlighted fee types in the Fee Chart below.) Raising these fees to the caps would bring in approximately \$500,000, almost eliminating the currently projected deficit. However, this action alone is unlikely to ensure future fund viability. The Board will also need to pursue a fee study and legislation to adjust the fees.

Fee Chart:

Optometry License	Current Fee	Statutory Cap
Initial License Application	\$275	\$275
Biennial License Renewal	\$425	\$500
Delinquent License Renewal	\$50	\$50
Duplicate Wall Certificate	\$25	\$25
Retired License Application	\$25	\$25
Retired/Volunteer Application	\$50	\$50
Retired/Volunteer Renewal	\$50	\$50
License Verification	\$40	\$40
Fictitious Name Permit		
Application Fee	\$50	\$50
Renewal	\$50	\$50
Delinquent Renewal	\$25	\$25
Statement of Licensure		
Application Fee	\$40	\$40
Renewal	\$40	\$40
Delinquent Renewal	\$20	\$20
Other Fees		
Therapeutic Pharmaceutical Agents Certification	\$25	\$25
Glaucoma Certification	\$35	\$50
Lacrimal Irrigation and Dilation Certification	\$25	\$50
Immunization Certification	\$50	\$50
Continuing Education Course Approval	\$50	\$100
RDO, CLD, SLD, and NCLS		
Application Fee	\$150	\$200
RDO Initial License	\$200	\$300
CLD Initial Registration	\$200	\$300
SLD Initial Registration	\$200	\$300
RDO, CLD, SLD Biennial Renewal	\$200	\$300

Possible Motion: Direct staff to bring to the May 2023 Board meeting proposed regulatory language to increase those fees currently not at their statutory cap to the statutory cap.