

**Item:**                      **Discussion and Possible Action to Extend Initial Licensing Period from 13-24 Months to 25-36 Months**

- Board Action:**
1. President calls the agenda item and it is presented by or as directed by the President.
  2. President requests a motion:  
**Scenario 1 - No Motion is Made**
    - A. Request public comment/further Board discussion as applicable**Scenario 2 - Motion is Made**
    - A. Make motion to:
      - modify initial licensing period as presented and propose effective date,
      - or any other appropriate motion
    - B. President may request if there is a second to the motion, if not already made.
    - C. Board member discussion/edits (if applicable).
    - D. Inquire for public comment / Further Board discussion
    - E. Repeat motion and vote: 1) aye, in favor, 2) no, not in favor, or 3) abstain

**Item Summary**

At the last board meeting, during discussion of renewal fee increases, the Board requested that staff provide additional information regarding the impact of extending the period of time for an initial license from 13-24 months to 25-36 months.

**Impact in Favor of Proposal**

Extending the initial license period to 25-36 months, would enable new licensees who have had multiple education and initial licensing expenses, more time to secure employment and prepare for the first renewal cycle and associated fees. Presuming the Board approves the proposal to raise the renewal fee to its statutory ceiling of \$330, this proposal would result in the loss of \$378,000 in revenue and place the Board's fund condition in a very fragile state. Under this presumption, the months in the Board's fund reserve would be at a dangerously low .6 month, well below the statutory requirement of 6 months.

**Background**

The idea to extend the initial period of licensure for new licensees was raised in response to discussion of raising license renewal fees and the hardship this may present for new licensees.

Currently initial licenses are issued for a period of 13-24 months, depending upon each licensee's birth month (*see "Statute" for more information on expiration dates*). The only fee charged by the Board is the application fee of \$300. The Board eliminated the initial license fee in 2010.

**Agenda Item: 4**  
**Meeting Date: 6/30/17**

Prior to initial licensure, an applicant has submitted fees to fulfill licensing requirements, generally in the 3-6 months preceding licensure which include:

Application Fee (paid to the Board)	\$300
RRT Written Examination Fee (paid to NBRC)	\$190
RRT Clinical Simulation Exam Fee (paid to NBRC)	\$200
<u>Fingerprint Fees (paid to DOJ)</u>	<u>\$ 71</u>
Total	\$761

*(The fees listed above do not account for reexamination fees: \$150 for written and \$200 for clinical, nor education-related expenses.)*

Currently, a new licensee is required to renew his/her license and submit the license renewal fee of \$250 (effective 7/1/17) anywhere from 13 months to 2 years after submitting fees totaling \$761 or more. In addition, the Board is considering raising the license renewal fee to \$275 (eff. 7/1/18); \$300 (eff. 7/1/19), and \$330 (eff. 7/1/20).

**Statutes**

Business and Professions Code, section 3774 provides,

“On or before the birthday of a licensed practitioner in every other year, following the initial licensure, the board shall mail to each practitioner licensed under this chapter, at the latest address furnished by the licensed practitioner to the executive officer of the board, a notice stating the amount of the renewal fee and the date on which it is due. The notice shall state that failure to pay the renewal fee on or before the due date and submit evidence of compliance with Sections 3719 and 3773 shall result in expiration of the license. ...

Subdivision (d) of Section 3775 of the B&P provides,

“For any license term beginning on or after January 1, 1999, the renewal fee shall be established at two hundred thirty dollars (\$230). The board may increase the renewal fee, by regulation, to an amount not to exceed three hundred thirty dollars (\$330). The board shall fix the renewal fee so that, together with the estimated amount from revenue, the reserve balance in the board’s contingent fund shall be equal to approximately six months of annual authorized expenditures. If the estimated reserve balance in the board’s contingent fund will be greater than six months, the board shall reduce the renewal fee. In no case shall the fee in any year be more than 10 percent greater than the amount of the fee in the preceding year.”

**Fiscal Analysis**

The following chart is based on an average of 1,200 new licensees each year and how changing the initial license period from 13-24 months to 25-36 months effective July 1, 2019, would leave a one-time gap over a two year period. Specifically, license renewals for new licensees as of July 1, 2019 and thereafter would be pushed out an additional year, leaving gaps in the number of new licensees that would renew in FY 20/21 and FY 21/22.

		FIRST RENEWAL CYCLE					
Initial License Issued	Initial License Period	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25
FY 17/18	13-24 mos	600					
FY 18/19	13-24 mos	600	600				
FY 19/20	25-36 mos			600	600		
FY 20/21	25-36 mos				600	600	
FY 21/22	25-36 mos					600	600
FY 22/23	25-36 mos						600

Based on 1,200 new licenses issued each year; Implementation date of 7/1/19

Applying this information to the Fund Condition prepared for proposed renewal fee increases, you will find a one-time loss in revenue over a period of two years totaling \$378,000. Even with raising the renewal fee to the statutory ceiling of \$330, this proposal would leave the Board's fund condition to a near 1/2 month reserve in FY 20/21; 5 1/2 months short of the mandatory 6-month level.

## FUND CONDITION

	Actual					
	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>
Beginning Reserve, July 1	\$2,432	\$1,795	\$1,267	\$826	\$551	\$262
Prior Year Adjustments	\$66					
Fee Increase \$20 eff. 7/1/17			\$190	\$190	\$190	\$190
Fee Increase \$25 eff. 7/1/18				\$238	\$238	\$238
Fee Increase \$25 eff. 7/1/19					\$238	\$238
Fee Increase \$30 eff. 7/1/20						\$285
Revenues	\$2,710	\$2,724	\$2,807	\$2,807	\$2,807	\$2,807
<b>Loss of Revenue (one-time)</b>					<b>-\$180</b>	<b>-\$198</b>
Total Revenues			\$2,997	\$3,235	\$3,293	\$3,560
<b>TOTAL RESOURCES</b>	<b>\$5,208</b>	<b>\$4,519</b>	<b>\$4,264</b>	<b>\$4,061</b>	<b>\$3,844</b>	<b>\$3,822</b>
Budget Expenditure	\$3,552	\$3,389	\$3,558	\$3,630	\$3,702	\$3,762
Disbursements (SCO)	\$5					
Reimbursements	(\$144)	(\$137)	(\$120)	(\$120)	(\$120)	(\$120)
<b>TOTAL EXPENDITURES</b>	<b>\$3,413</b>	<b>\$3,252</b>	<b>\$3,438</b>	<b>\$3,510</b>	<b>\$3,582</b>	<b>\$3,642</b>
<b>RESERVE, JUNE 30</b>	<b>\$1,795</b>	<b>\$1,267</b>	<b>\$826</b>	<b>\$551</b>	<b>\$262</b>	<b>\$180</b>
<b>MONTHS IN RESERVE</b>	6.6	4.4	2.8	1.8	0.9	0.6