



**TELECONFERENCE
BOARD MEETING
Wednesday, March 12, 2014**





**TELECONFERENCE – BOARD MEETING AGENDA
WEDNESDAY, MARCH 12, 2014
(916) 263-2300 (Board Office)**

Members of the Board

Fran Burton, MSW, Public Member, President
Bruce Whitcher, DDS, Vice President
Judith Forsythe, RDA, Secretary

Steven Afriat, Public Member
Stephen Casagrande, DDS
Yvette Chappell-Ingram, Public Member
Katie Dawson, RDH
Luis Dominicus, DDS
Kathleen King, Public Member

Ross Lai, DDS
Huong Le, DDS, MA
Meredith McKenzie, Public Member
Steven Morrow, DDS, MS
Thomas Stewart, DDS
Debra Woo, DDS

One or more Board Member(s) will participate in this meeting at the teleconference sites listed below. Each teleconference location is accessible to the public and the public will be given an opportunity to address the Dental Board of California at each teleconference location. The public teleconference sites for this meeting are as follows:

TELECONFERENCE MEETING LOCATIONS:

Dental Board of California Offices:

Fran Burton, Public Member
Stephen Casagrande, DDS
2005 Evergreen Street, Ste. 1290 A & B
Lake Tahoe Conference Room
Sacramento, CA 95815
(916) 263-2300

Judith Forsythe, RDA
Steven Morrow, DDS, MS
333 S. Anita Drive
Basement Conference Room
Orange, CA 92780
(714) 923-9725

Other Teleconference Locations:

Bruce Whitcher, DDS
1428 Oak Street
Paso Robles, CA 93446
(916) 263-2300

Huong Le, DDS, MA
Katie Dawson, RDHAP
818 Webster Street
Fourth Floor Green Room
Oakland, CA 94607
(916) 263-2300

Steven Afriat, Public Member
4107 Magnolia Blvd.
Burbank, CA 91505
(916) 263-2300

Thomas Stewart, DDS
3809 San Dimas, Ste. B
Bakersfield, CA 93301
(916) 263-2300

Luis Dominicus, DDS
8202 Florence Avenue, Suite 101
Downey, CA 90240
(916) 263-2300

Kathleen King, Public Member
4030 Moorpark Avenue, Ste. 107
San Jose, CA 95070
(916) 263-2300

Meredith McKenzie, Public Member
1133 Innovation Way
Sunnyvale, CA 94089
(916) 263-2300

Yvette Chappell-Ingram, Public Member
1000 North Alameda St., Ste. 240
Los Angeles, CA 90012
(916) 263-2300

Ross Lai, DDS
456 Montgomery St., Ste. GC-3
San Francisco, CA 94104
(916) 263-2300

Public comments will be taken on agenda items at the time the specific item is raised. The Board may take action on any item listed on the agenda, unless listed as informational only. All times are approximate and subject to change. Agenda items may be taken out of order to accommodate speakers and to maintain a quorum. The meeting may be cancelled without notice. Time limitations for discussion and comment will be determined by the President. For verification of the meeting, call (916) 263-2300 or access the Board's website at www.dbc.ca.gov. This Board meeting is open to the public and is accessible to the physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Karen M. Fischer, Executive Officer, at 2005 Evergreen Street, Suite 1550, Sacramento, CA 95815, or by phone at (916) 263-2300. Providing your request at least five business days before the meeting will help to ensure availability of the requested accommodation.

12:00 NOON FULL BOARD - TELECONFERENCE

1. Call to Order/Roll Call/Establishment of Quorum
2. Staff Report on State Dentistry Fund
3. Discussion and Possible Action Regarding:
 - A. Proposed Legislation to Amend Business and Professions Code Section 1724 Relating to Dentistry Licensing Fees; and
 - B. Senate Bill 1416 (Block)
4. Public Comment of Items Not on the Agenda
The Board may not discuss or take action on any matter raised during the Public Comment section that is not included on this agenda, except whether to decide to place the matter on the agenda of a future meeting (Government Code §§ 11125 and 11125.7(a)).
5. Adjournment



MEMORANDUM

DATE	March 4, 2014
TO	Dental Board Members
FROM	Sarah Wallace, Legislative & Regulatory Analyst
SUBJECT	Agenda Item 2: Staff Report on State Dentistry Fund

Background:

The Board manages two separate funds: (1) the State Dentistry Fund, and (2) the State Dental Assisting Fund. These funds are not comingled. The following information is intended to provide an update on the current status of the State Dentistry Fund.

Current Status of the State Dentistry Fund:

The attached analysis of the State Dentistry Fund (fund) demonstrates the condition of fund through Fiscal Year (FY) 2017-18. This analysis includes the last General Fund loan repayment of \$2.7 million made during FY 2013-14. Additionally, this analysis includes the updated revenue projections based on the Board's fee increase to \$450 for initial licensure and biennial renewal, effective July 1, 2014 (impacts revenue beginning FY 2014-15).

Even with the scheduled General Fund loan repayment in FY 2013-14 and the new fee increase beginning FY 2014-15, the analysis of the fund demonstrates a continued deficit beginning FY 2016-17.

Action Requested:

No action necessary.

0741 - Dental Board of California

Analysis of Fund Condition

Prepared 2/18/14

(Dollars in Thousands)

	Actual 2012-13	CY 2013-14	Governor's Budget			
			BY 2014-15	BY+1 2015-16	BY+2 2016-17	BY+3 2017-18
BEGINNING BALANCE	\$ 6,180	\$ 4,772	\$ 3,457	\$ 735	\$ -2,239	\$ -5,468
Prior Year Adjustment	\$ 133	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 6,313	\$ 4,772	\$ 3,457	\$ 735	\$ -2,239	\$ -5,468
REVENUES AND TRANSFERS						
Revenues:						
125600 Other regulatory fees	\$ 106	\$ 72	\$ 86	\$ 86	\$ 86	\$ 86
125700 Other regulatory licenses and permits	\$ 744	\$ 745	\$ 846	\$ 846	\$ 846	\$ 846
125800 Renewal fees	\$ 7,183	\$ 7,226	\$ 8,723	\$ 8,723	\$ 8,723	\$ 8,723
125900 Delinquent fees	\$ 63	\$ 64	\$ 66	\$ 66	\$ 66	\$ 66
150300 Income from surplus money investments	\$ 17	\$ 1	\$ 3	\$ -	\$ -	\$ -
160400 Sale of fixed assets	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
161000 Escheat of unclaimed checks and warrants	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
161400 Miscellaneous revenues	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
164300 Penalty Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals, Revenues	\$ 8,121	\$ 8,116	\$ 9,732	\$ 9,729	\$ 9,729	\$ 9,729
Transfers from Other Funds						
F00001 Repayment Per Item 1250-011-0741, Budget Act of 2003	\$ -	\$ 2,700	\$ -	\$ -	\$ -	\$ -
Totals, Revenues and Transfers	\$ 8,121	\$ 10,816	\$ 9,732	\$ 9,729	\$ 9,729	\$ 9,729
Totals, Resources	\$ 14,434	\$ 15,588	\$ 13,189	\$ 10,464	\$ 7,490	\$ 4,261
EXPENDITURES						
Disbursements:						
0840 State Controller (State Operations)	\$ 7	\$ 1	\$ -	\$ -	\$ -	\$ -
8880 Financial Information System of California (State Operations)	\$ 57	\$ 53	\$ 10	\$ 10	\$ 10	\$ 10
1110 Program Expenditures (State Operations)	\$ 9,598	\$ 12,077	\$ 12,444	\$ 12,693	\$ 12,947	\$ 13,206
Total Disbursements	\$ 9,662	\$ 12,131	\$ 12,454	\$ 12,703	\$ 12,958	\$ 13,217
FUND BALANCE						
Reserve for economic uncertainties	\$ 4,772	\$ 3,457	\$ 735	\$ -2,239	\$ -5,468	\$ -8,956
Months in Reserve	4.7	3.3	0.7	-2.1	-5.0	-8.0

NOTES:

- A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED IN BY+1 AND ON-GOING.
- B. ASSUMES APPROPRIATION GROWTH OF 2% PER YEAR BEGINNING IN BY+1
- C. ASSUMES INTEREST RATE AT 0.3%.



MEMORANDUM

DATE	March 5, 2014
TO	Dental Board Members
FROM	Sarah Wallace, Legislative & Regulatory Analyst
SUBJECT	Agenda Item 3(A): Discussion and Possible Action Regarding Proposed Legislation to Amend Business and Professions Code Section 1724 Relating to Dentistry Licensing Fees

Background:

At its November 2013 meeting, staff presented a proposed plan to get the Board's fiscal house in order and correct the structural imbalance between revenues and expenditures. Based on fund deficiencies outlined in the *State Dentistry Fund's* condition analysis prepared by the Department of Consumer Affairs' Budget Office, it was determined that the Board must seek an increase in its statutory fee ceilings so that the Board would be able to assess a fee that would provide adequate funding to support expenditures.

Staff explained that the last statutory fee ceiling increase occurred in 1998 (Senate Bill 1243, Hughes, Ch. 791, Statutes of 1997). At that time the ceiling was increased from \$250 to \$450. Subsequently, the initial license and the biennial license renewal fees were increased from \$240 to \$365 via regulation. Table 1 displays the initial and biennial license fee histories of both the actual fee and the statutorily authorized fee ceiling:

**Table 1:
 Dental Board Fee History Summary**

Year	License Fee Assessed (Pursuant to Cal. Code of Regs., Title 16, §1021)	License Fee Ceiling (Pursuant to Business and Professions Code §1724)
1972	Set by the Board Annually	\$24
1983 - 1990	\$135	\$150
1991 - 1997	\$240	\$250
1998 - June 30, 2014	\$365	\$450
Effective July 1, 2014	\$450	\$450

Staff reported that the initial analysis conducted by the Budget Office indicated that the initial license and biennial renewal fees should currently be at \$525 to enable the fund to support expenditures. However, the Board was unable to propose increasing fees via

regulation to \$525 because of the existing statutory fee ceilings that only authorize the Board to seek a regulatory fee increase to \$450 (Business and Professions Code Section 1724).

Staff presented a number of reasons why the Board has reached this point of needing to implement a fee increase, some of which include:

- The Board received 12.5 positions to improve processing of enforcement investigations as a result of the Department of Consumer Affairs' Consumer Protection Enforcement Initiative (CPEI). While the Board received the appropriation for the positions, the Board did not increase fees to support the expenditures associated with the new personnel positions.
- The Board, along with other healing arts boards, funds the operation of the existing Controlled Substance Utilization and Review Evaluation System (CURES). This is an expenditure mandated in statute and is not within the control of the Board.
- The Board has experienced increased expenses associated with the development and implementation of the Department of Consumer Affairs' BreEze licensing system.
- The Board has incurred unanticipated expenses as a result of litigation.
- The Board has experienced increases in distributed costs and the general overall expense in doing business due to inflation since the last fee increase in 1998.
- All of these reasons, coupled with the fact that the Board has not had a fee increase since 1998 to offset the additional expenditures, has led us to the current situation in which the Board needs to increase fees to support its fund.

Staff presented the following three step, multi-year, plan to reach fiscal solvency:

1. Implement a fee increase, via the regulatory process, up to the existing fee ceilings for initial licensure and biennial renewal of licensure from \$365 to \$450. This regulation has been approved by the Office of Administrative Law and will become effective on July 1, 2014;
2. Seek legislation in 2014 to amend Business and Professions Code Section 1724 to raise the current fee ceilings for initial licensure and biennial renewal of licensure from \$450 to \$700; and,
3. Embark on a comprehensive review of the organizational structure including a detailed workload analysis to establish appropriate staffing levels, fee amounts, and statutory fee ceilings.

The Board approved the plan and directed staff to seek an author to carry legislation in 2014 to raise the current fee ceilings for initial licensure and biennial renewal of licensure from \$450 to \$700.

The first step of the plan, increasing the current initial license and biennial renewal fees from \$365 to \$450 via regulation, has been completed. Staff is in the process of determining the best resources available to aid in the comprehensive review of the organizational structure.

Update on Seeking an Author:

Since the November meeting, staff has been diligently seeking an author to carry the Board's proposed legislation. In discussions with legislators regarding raising the fee ceiling, the formula for raising the ceiling to \$700 was explained as follows:

Methodology for Raising the Fee Ceiling:

1. DCA Budget Office Formula: The DCA Budget Office estimates that the initial and biennial renewal fees should currently be at \$525 to support the Board's expenditures. This estimate was based on historical workload data and a budget by component analysis.
2. Historical Rate of Inflation: The license fee established in 1998 of \$365 to today's projected estimate of \$525 equates to an average annual inflation rate of 2.5 percent during the last 14 years (1998-2013).
3. Projected Annualized Rate of Inflation: Using \$525 as the basis for a 10-year projected rate of inflation annualized by 3 percent, the figure is projected to be \$706 by 2025.

Staff explained that the plan to increase the current fee ceilings from \$450 to \$700 would provide the Board with the authority to increase fees via regulation in smaller incremental amounts over the next ten (10) years to support Board operations. In the end, staff was unable to find an author willing to carry a bill to raise the fee ceiling to \$700 in 2014.

During this time, staff engaged in detailed discussions with Senator Marty Block's (D-San Diego) staff. While Senator Block was not willing to raise the fee ceiling to \$700, he has agreed to carry legislation that will raise the initial license and renewal fees for dentists in statute to \$525, effective January 1, 2015. Staff was notified of Senator Block's willingness to carry this legislation on Thursday, February 20th. The deadline to introduce new bills for 2014 was Friday, February 21st. Senator Block introduced a spot bill, Senate Bill 1416, on February 21st as a vehicle to carry this legislation.

Since this turn of events was unanticipated by staff, discussion regarding this issue was unable to be had during the February Board meeting because it hadn't been noticed. Additionally, staff was unable to amend the February meeting agenda to include this issue because of the 10-day public notice requirement.

Increasing Fees for Initial Licensure and Biennial Renewal for Dentists to \$525:

The fact that the Board was unable to find an author to carry legislation to increase the current fee ceilings for initial licensure and biennial licensure renewal from \$450 to \$700 meant that the Board would be further delayed by one (1) to two (2) years before the Board would be able to establish a more appropriate fee to support expenditures via regulation. Since the Board will be going through the Sunset Review process in 2015, staff has been advised that it would be most appropriate to review increases to the fee ceilings during that process; however, the importance of providing the Board with the fiscal resources necessary so that it may maintain operations to provide consumer protection was acknowledged.

Therefore, Senator Block has graciously offered to carry legislation that establishes the fees for initial licensure and biennial licensure renewal at \$525. If the bill is enacted the actual fee would be established in statute, rather than a fee ceiling, and the Board would be able to begin assessing the \$525 on January 1, 2015.

Moving forward with this legislation also lays the groundwork going into the Board's oversight hearings in 2015, showing that the Board is exercising due diligence in getting its fiscal house in order. The comprehensive review of the organizational structure including a detailed workload analysis to establish appropriate staffing levels, fee amounts, and statutory fee ceilings would be completed during 2014, and the Board would be prepared to discuss necessary fee ceiling increases during the Sunset Review process. This would provide authorization for the Board to implement fee increases via the regulatory process in the future.

Staff has consulted with the Budget Office to ensure that a fee of \$525 is an accurate reflection of what the Board should currently be assessing. Based on data from the past five (5) fiscal years, staff has calculated that with the addition of average estimated savings and reimbursements to the new fee of \$525, the State Dentistry Fund will be able to sustain a couple of more years before facing a deficit once again. It should be noted that there is no guarantee that the Board will incur these estimated savings or reimbursements and ideally the State Dentistry Fund should be able to sustain expenditures without relying on estimated savings or reimbursements. However, staff feels confident that \$525 is the appropriate fee amount that should be currently assessed to get the Board back on track.

The attached analysis of the State Dentistry Fund's condition demonstrates staff's findings that the fund would be able to support expenditures for the next couple of years, pending any unforeseen mandated increases in expenditures, if the initial licensure and biennial renewal fees are increased to \$525 effective January 1, 2015 (Attachment 1).

It is important to note that the increase of these fees to \$525 (\$262.50 average cost per year) would be comparable to the licensing renewal fees for dentists in other states and well below biennial licensing renewal fees for other healing arts professions within California. Tables 2 and 3 demonstrate staff's findings:

**Table 2:
Licensing Renewal Fees for Dentists in Other States**

State	Amount	Frequency	Avg. Cost Per Year
Arizona	\$650	Every 3 years	\$216
California	\$450	Every 2 years	\$225
Nevada	\$600	Every 2 years	\$300
New Mexico	\$550	Every 3 years	\$183
Texas	\$350	Every year	\$350

**Table 3:
Biennial Licensing Renewal Fees for Other Professions within California**

Profession	Amount
Attorney	\$900
Naturopathic Doctor	\$800
Physician	\$808
Podiatrist	\$900
Psychologist	\$420

Potential Impact of Not Moving Forward with Legislation to Increase Fees to \$525:

If the Board is not able to assess a fee of \$525 for initial licensure and biennial renewal of licensure of dentists, the Board may potentially face the following impact:

- The Board will not be able to maintain status quo of its existing programs and services.
- The Board's operations will suffer as it would become necessary to reduce expenditures, including the reduction of staffing and operating resources and equipment.
- The Board's licensing program would suffer from reductions in staffing and would result in delayed response times to licensing inquiries and application approvals; such delays would create a barrier to licensure for those applicants graduating dental school and seeking licensure and employment in a timely-manner.
- The Board's enforcement program would suffer from reductions in staffing and resources; such reductions would lead to delays in processing consumer complaints, conducting investigations, and referring egregious cases to the Attorney General's Office for prosecution.

These impacts would ultimately prevent the Board from being able to protect the public efficiently and effectively which is in conflict with its mission pursuant to Business and Professions Code Section 1601.2.

Proposed Amendment to Business and Professions Code Section 1724:

Staff has attached the proposed amendment to Business and Professions Code Section 1724 that would establish a fee of \$525 for initial licensure and renewal of licensure (Attachment 2). If enacted, this fee would take effect January 1, 2015.

As a result of raising the initial licensure fee and the biennial renewal fee, the following fees assessed by the Board will be impacted; this is because these fees are determined by the fee amounts assessed by the Board for initial licensure and biennial renewal as specified in statute:

- Inactive Licenses;
- Licenses on Retirement Status;
- Licenses on Disability Status;
- Oral and Maxillofacial Surgery (OMS) Permit Renewal Fees;
- Fictitious Name Permit Application Fees; and,
- Delinquent Retirement/Disability Renewal

Estimated Business Impact of Increasing Fees to \$525:

Staff has made the initial determination that the proposed fee increase would not have a significant, statewide adverse economic impact directly affecting business, including the inability of California businesses to compete with businesses in other States.

Staff has determined that the following types of businesses may be affected by the proposed fee increase:

- Businesses owned by dentist licensees of the Board that pay for the licensure and renewal fees of its dentist owners or dentist employees.

Although businesses owned by dentist licensees of the Board and businesses that employ dentist licensees of the Board may be impacted, staff estimates that the fiscal impact would be minor and absorbable. The Board does not maintain data relating to the number or percentage of licensees who own a business; therefore, the number or percentage of businesses that may be impacted cannot be predicted. Accordingly, the initial or ongoing costs for a business owned by a licensee that pays for the licensure and renewal fees of its dentist owners or dentist employees cannot be projected.

Estimated Fiscal Impact on Individuals:

The proposed fee increase would impact individual dentist (DDS) licensees. Staff estimates the average salary of a DDS in California is approximately \$150,000 per year. The current fee assessed for initial licensure and biennial renewal will be increased from \$365 to \$450 on July 1, 2014. Since the fee increase to \$450 will only impact a small portion of licensees who renew licenses between July 1, 2014 and December 31, 2014, staff has developed the following fiscal impact estimates based on an increase in the licensure fees from the now current \$365 to \$525 which would be effective January 1, 2015.

Applicants for Initial Licensure/ Licensees Seeking Biennial Renewal

This proposed fee increase would impact DDS licensees seeking initial licensure from the Board or seeking biennial renewal of their DDS license. Staff estimates that the fiscal impact on these individual dentists would be minor and absorbable. The Board's initial licensure fee and biennial renewal fee is \$365. This proposal would increase these fees by \$160 to \$525; therefore, candidates for initial DDS licensure would be required to pay an application fee of \$525 and DDS licensees would be required to pay the biennial renewal fee of \$525. The proposed renewal fee increase would equate to an annual increase of \$80 in additional licensing fees being paid by a DDS licensee, which reflects an annual increase in the cost of licensure of less than 0.055% of a licensee's annual income. The Board receives approximately 1,000 applications for initial licensure annually; and approximately 36,000 active licensees renew biennially.

Inactive Licensees:

A California licensed DDS who does not actively engage in the practice of dentistry may maintain an inactive license in order to maintain licensure in a non-practicing status. Inactive licenses are required to be renewed during the same time period at which an active license is renewed, and the renewal fee for a license in an inactive status is required to be the same as the renewal fee for a license in active status; however, those licensees renewing in inactive status are not required to complete the continuing education requirements for renewal.

Staff estimates that the fiscal impact on individuals seeking inactive status would be minor and absorbable. The Board's biennial renewal fee for inactive status is \$365. This proposal would increase these fees by \$160 to \$525 for the inactive biennial renewal fee. The proposed fee increase would equate to an annual increase of \$80 in additional licensing fees being paid by a DDS inactive licensee, which reflects an annual increase in the cost of licensure of less than 0.055% of the licensee's annual income. The Board has approximately 3,750 inactive DDS licensees who continue to pay the biennial renewal fee.

Licensees on Retirement Status:

The Board may reduce the renewal fee for a licensee who has practiced dentistry for twenty (20) years or more in California, has reached the age of retirement under the federal Social Security Act, and customarily provides his or her services free of charge to any person, organization, or agency. If a licensee meets these requirements, the Board assesses a fee of one-half of the regular renewal fee.

Staff estimates that the fiscal impact on individuals seeking retirement status would be minor and absorbable. The Board's biennial renewal fee for retired status is \$182.50 (365 biennial renewal fee x 50% = \$182.50). This proposal would increase these fees by \$80 for a total of \$262.50 (\$525 biennial renewal fee x 50% = \$262.5) for the retirement status biennial renewal fee. The proposed fee increase would equate to an annual increase of \$40 in additional licensing fees being paid by a DDS retired status licensee, which reflects an annual increase in the cost of licensure of less than 0.027% of the licensee's annual income. The Board has approximately 1,750 DDS licensees on retirement status.

Licensees on Disability Status:

A DDS licensee, who demonstrates that he or she is unable to practice dentistry due to a disability, may request a waiver of 50 percent of the biennial renewal fee.

Staff estimates that the fiscal impact on individuals seeking disability status would be minor and absorbable. The Board's biennial renewal fee for disability status is \$182.50 (\$365 biennial renewal fee x 50% = \$182.50). This proposal would increase these fees by \$80 for a total of \$262.50 (\$525 biennial renewal fee x 50% = \$262.5) for the disability status biennial renewal fee. The proposed fee increase would equate to an annual increase of \$40 in additional licensing fees being paid by a DDS disability status licensee, which reflects an annual increase in the cost of licensure of less than 0.027% of the licensee's annual income. The Board has approximately 110 DDS licensees on a disability status.

OMS Permit-Holders:

Business and Professions Code Section 1638.3(a), specifies that the fee to renew an OMS permit shall be the same as the biennial renewal for a DDS license.

Staff estimates that the fiscal impact on individuals seeking renewal of an OMS permit would be minor and absorbable. The Board's biennial renewal fee for OMS permit-holders is \$365. This proposal would increase these fees by \$160 for a total of \$525 for the OMS permit renewal fee. The proposed fee increase would equate to an annual increase of \$80 in additional licensing fees being paid by a OMS permit-holder, which reflects an annual increase of less than 0.055% of the OMS permit-holder's annual income. The Board has 83 active OMS permit-holders.

Applicants for Fictitious Name Permits:

The initial permit fee for a fictitious name permit is an amount equal to the renewal fee for the applicant's license to practice dentistry. Except that, if the permit will expire less than one year after its issuance, then the initial permit fee is an amount equal to 50 percent of the renewal fee.

Staff estimates that the fiscal impact on individuals applying for an initial fictitious name permit would be minor and absorbable. The Board's application fee for an initial fictitious name permit is \$365. This proposal would increase this fee by \$160 for a total of \$525 for the application fee for an initial fictitious name permit. The Board receives approximately 300 applications for fictitious name permits annually that would be required to pay the full biennial renewal fee amount as the application fee.

For those applicants whose permit would expire less than one year after its issuance, the Board estimates that the fiscal impact on individuals applying for an initial fictitious name permit would be minor and absorbable. The Board's application fee for an initial fictitious name permit fee is \$182.50 (\$365 biennial renewal fee x 50% = \$182.50). This proposal would increase this fee by \$80 for a total of \$262.50 for the application fee for an initial fictitious name applicant whose permit would expire less than one year after issuance. The Board receives approximately 200 applications for fictitious name permits annually that would be required to pay 50 percent of the renewal fee amount as the application fee.

California Code of Regulations, Title 16, Section 1021(o) specifies that the Board's renewal fee for the fictitious name permit is \$150. This proposed fee increase would not impact the current renewal fee for fictitious name permits. Currently, the Board has approximately 5,250 active fictitious name permit-holders that renew on a biennial basis.

Delinquent Retirement/Disability Renewal:

If a licensee chooses not to pay the required fee to maintain licensure with the Board, the license shall become delinquent. To renew a license back to active status after delinquency, a licensee will be required to pay the back renewal fees from each renewal cycle missed in addition to delinquency fees. The license may maintain a delinquency status for five years. If after five years the license is not renewed back into an active status, the license will be cancelled. A licensee who wishes to regain licensure after a license has been cancelled will have to reapply for licensure to the Board. An individual, whose retired or disabled status renewal becomes delinquent, will be assessed a delinquency fee in addition to the retired/disabled renewal fee in order to make the license current and valid.

Staff estimates the fiscal impact on individuals who must pay a delinquency fee in addition to the retired/disabled renewal fee would be minor and absorbable. The Board's delinquency fee for retired/disabled renewals is \$91.25 (\$182.50 x 50% pursuant to Business and Professions Code Section 163.5). The proposed fee increase would effectuate an increase of \$40 (from \$91.25 to \$131.25) in the delinquency fee associated with retired/disabled renewal. The Board estimates it would receive approximately seven (7) delinquency fees for retired/disabled renewals on an annual basis.

Table 4 illustrates the difference between the existing fees and the proposed fee increase for each license type impacted by this proposal:

**Table 4:
Fee Impact on License Types**

License Type:	Existing Fee:	Proposal To Increase Fee By:	Proposed New Fee Total:	Approximate Population Impacted:
Initial License Application	\$365.00	\$160.00	\$525.00	Approx. 1,000 Applicants Annually
Biennial Renewal (Active)	\$365.00	\$160.00	\$525.00	Approx. 36,000 Licensees Biennially
Inactive License Biennial Renewal	\$365.00	\$160.00	\$525.00	Approx. 3,750 Licensees Biennially
Retirement Status Renewal	\$182.50	\$80.00	\$262.50	Approx. 1,750 Licensees Biennially
Disability Status Renewal	\$182.50	\$80.00	\$262.50	Approx. 110 Licensees Biennially
OMS Permit Renewal	\$365.00	\$160.00	\$525.00	Approx. 83 Licensees Biennially
Initial Fictitious Name Permit	\$365.00	\$160.00	\$525.00	Approx. 500 Applications Annually
Fictitious Name Permit Renewal	\$150.00	No Change	No Change	
Delinquent Retirement/ Disability Renewal	\$91.25	\$40	\$131.25	Approx. 7 Delinquencies Annually

Staff Recommendation/Action Requested:

Pursuant to Government Code Section 13324, the Board Members and the Board's Executive Officer have a fiduciary obligation to ensure fiscal solvency and are subject to personal financial liability. Staff recommends the Board take action to support moving forward with legislation to establish the initial licensure and biennial licensure renewal fees at \$525 as soon as possible.

ATTACHMENT 1

**0741 - Dental Board of California
Analysis of Fund Condition**

Prepared 2/18/14

(Dollars in Thousands)

Statutory Fee (\$525) effective 1/1/2015

			Governor's Budget			
	Actual	CY	BY	BY+1	BY+2	BY+3
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
BEGINNING BALANCE	\$ 6,180	\$ 4,772	\$ 3,457	\$ 1,083	\$ -501	\$ -2,340
Prior Year Adjustment	\$ 133	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	<u>\$ 6,313</u>	<u>\$ 4,772</u>	<u>\$ 3,457</u>	<u>\$ 1,083</u>	<u>\$ -501</u>	<u>\$ -2,340</u>
REVENUES AND TRANSFERS						
Revenues:						
125600 Other regulatory fees	\$ 106	\$ 72	\$ 86	\$ 86	\$ 86	\$ 86
125700 Other regulatory licenses and permits	\$ 744	\$ 745	\$ 846	\$ 846	\$ 846	\$ 846
Fees @ Statutory Max	\$ -	\$ -	\$ 21	\$ 83	\$ 83	\$ 83
125800 Renewal fees	\$ 7,183	\$ 7,226	\$ 8,723	\$ 8,723	\$ 8,723	\$ 8,723
Fees @ Statutory Max	\$ -	\$ -	\$ 327	\$ 1,307	\$ 1,307	\$ 1,307
125900 Delinquent fees	\$ 63	\$ 64	\$ 66	\$ 66	\$ 66	\$ 66
150300 Income from surplus money investments	\$ 17	\$ 1	\$ 3	\$ -	\$ -	\$ -
160400 Sale of fixed assets	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
161000 Escheat of unclaimed checks and warrants	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3
161400 Miscellaneous revenues	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
164300 Penalty Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals, Revenues	<u>\$ 8,121</u>	<u>\$ 8,116</u>	<u>\$ 10,080</u>	<u>\$ 11,119</u>	<u>\$ 11,119</u>	<u>\$ 11,119</u>
Transfers from Other Funds						
F00001 Repayment Per Item 1250-011-0741, Budget Act of 2003	\$ -	\$ 2,700	\$ -	\$ -	\$ -	\$ -
Totals, Revenues and Transfers	<u>\$ 8,121</u>	<u>\$ 10,816</u>	<u>\$ 10,080</u>	<u>\$ 11,119</u>	<u>\$ 11,119</u>	<u>\$ 11,119</u>
Totals, Resources	<u>\$ 14,434</u>	<u>\$ 15,588</u>	<u>\$ 13,537</u>	<u>\$ 12,202</u>	<u>\$ 10,618</u>	<u>\$ 8,779</u>
EXPENDITURES						
Disbursements:						
0840 State Controller (State Operations)	\$ 7	\$ 1	\$ -	\$ -	\$ -	\$ -
8880 Financial Information System of California (State Operations)	\$ 57	\$ 53	\$ 10	\$ 10	\$ 10	\$ 10
1110 Program Expenditures (State Operations)	\$ 9,598	\$ 12,077	\$ 12,444	\$ 12,693	\$ 12,947	\$ 13,206
Total Disbursements	<u>\$ 9,662</u>	<u>\$ 12,131</u>	<u>\$ 12,454</u>	<u>\$ 12,703</u>	<u>\$ 12,958</u>	<u>\$ 13,217</u>
FUND BALANCE						
Reserve for economic uncertainties	\$ 4,772	\$ 3,457	\$ 1,083	\$ -501	\$ -2,340	\$ -4,438
Months in Reserve	4.7	3.3	1.0	-0.5	-2.1	-4.0

NOTES:

- A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED IN BY+1 AND ON-GOING.
- B. ASSUMES APPROPRIATION GROWTH OF 2% PER YEAR BEGINNING IN BY+1
- C. ASSUMES INTEREST RATE AT 0.3%.

REVISED BEGINNING FUND BALANCE	\$ -	\$ -	\$ -	\$ 2,005	\$ 1,589	\$ 914
ESTIMATED SAVINGS	\$ -	\$ -	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
ESTIMATED OVER-COLLECTION OF UNSCHEDULED REIMBURSEMENTS	\$ -	\$ -	\$ 223	\$ 223	\$ 223	\$ 223
REVISED FUND BALANCE	\$ -	\$ -	\$ 2,506	\$ 3,428	\$ 3,012	\$ 2,337
REVISED MONTHS IN RESERVE	\$ -	\$ -	2.4	3.2	2.7	2.1

ATTACHMENT 2

DENTAL BOARD OF CALIFORNIA BILL REQUEST PROPOSED LANGUAGE

Amend Business and Professions Code Section 1724 as follows:

The amount of charges and fees for dentists licensed pursuant to this chapter shall be established by the board as is necessary for the purpose of carrying out the responsibilities required by this chapter as it relates to dentists, subject to the following limitations:

- (a) The fee for application for examination shall not exceed five hundred dollars (\$500).
- (b) The fee for application for reexamination shall not exceed one hundred dollars (\$100).
- (c) The fee for examination and for reexamination shall not exceed eight hundred dollars (\$800). Applicants who are found to be ineligible to take the examination shall be entitled to a refund in an amount fixed by the board.
- (d) The fee for an initial license and for the renewal of a license shall ~~not exceed four hundred fifty dollars (\$450)~~ be five hundred twenty five dollars (\$525).
- (e) The fee for a special permit shall not exceed three hundred dollars (\$300), and the renewal fee for a special permit shall not exceed one hundred dollars (\$100).
- (f) The delinquency fee shall be the amount prescribed by Section 163.5.
- (g) The penalty for late registration of change of place of practice shall not exceed seventy-five dollars (\$75).
- (h) The application fee for permission to conduct an additional place of practice shall not exceed two hundred dollars (\$200).
- (i) The renewal fee for an additional place of practice shall not exceed one hundred dollars (\$100).
- (j) The fee for issuance of a substitute certificate shall not exceed one hundred twenty-five dollars (\$125).
- (k) The fee for a provider of continuing education shall not exceed two hundred fifty dollars (\$250) per year.
- (l) The fee for application for a referral service permit and for renewal of that permit shall not exceed twenty-five dollars (\$25).
- (m) The fee for application for an extramural facility permit and for the renewal of a permit shall not exceed twenty-five dollars (\$25).

The board shall report to the appropriate fiscal committees of each house of the Legislature whenever the board increases any fee pursuant to this section and shall specify the rationale and justification for that increase.



MEMORANDUM

DATE	March 5, 2014
TO	Dental Board Members
FROM	Sarah Wallace, Legislative & Regulatory Analyst
SUBJECT	Agenda Item 3(B): Discussion and Possible Action Regarding Senate Bill 1416 (Block)

Background:

Senate Bill 1416 is authored by Senator Marty Block (D – San Diego) and was introduced on February 21, 2014. This bill has been introduced as a spot bill to carry the Dental Board of California's (Board) proposal to increase initial licensure and biennial licensure renewal fees. This bill was read for the first time in the Senate on February 24th and is currently pending referral.

Summary:

The Dental Practice Act provides for the licensure and regulation of the practice of dentistry by the Dental Board of California. The act, among other things, requires the board to examine all applicants for a license to practice dentistry and to collect and apply all fees, as specified.

As introduced, this bill would make a technical, non-substantive change to this provision.

Board Staff Analysis:

This bill is considered a spot bill. Staff anticipates future amendments to this bill regarding the Board's fee increase.

Registered Support/Opposition:

None on File

Staff Recommendation

Staff recommends the Board take a position of "Support" when the bill is amended to include the fee increase language.

Introduced by Senator Block

February 21, 2014

An act to amend Section 1611 of the Business and Professions Code, relating to dentistry.

LEGISLATIVE COUNSEL'S DIGEST

SB 1416, as introduced, Block. Dentistry.

Existing law, the Dental Practice Act, provides for the licensure and regulation of the practice of dentistry by the Dental Board of California. The act, among other things, requires the board to examine all applicants for a license to practice dentistry and to collect and apply all fees, as specified.

This bill would make a technical, nonsubstantive change to this provision.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1611 of the Business and Professions
- 2 Code is amended to read:
- 3 1611. The board shall carry out the purposes and enforce the
- 4 provisions of this chapter. ~~‡~~ *The board* shall examine all applicants
- 5 for a license to practice dentistry according to the provisions of
- 6 this chapter and shall issue licenses to practice dentistry in this
- 7 ~~State state to such~~ *those* applicants ~~as~~ *who* successfully pass the
- 8 examination of the board and otherwise comply with the provisions

- 1 of this chapter. The board shall collect and apply all fees as directed
- 2 by this chapter.

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