

**AVAILABILITY OF
ADDENDUM TO THE INITIAL STATEMENT OF REASONS AND
DOCUMENT ADDED TO THE RULEMAKING FILE**

NOTICE IS HEREBY GIVEN that the Board of Occupational Therapy has provided an Addendum to the Initial Statement of Reasons (ISR) justifying the text of California Code of Regulations Section 4130 in Division 39, Title 16.

FURTHER NOTICE IS GIVEN that the following documents are being added to the rulemaking record for the regulatory proceeding concerning section(s) 4130 of Title 16:

1. Board of Occupational Therapy, Analysis of Fund Condition #1 (projections of increased revenue based on the fees set forth in initial Proposed Text)
2. Board of Occupational Therapy, Analysis of Fund Condition #2 (projections based on fees set forth in initial Proposed Text and adding revenue from the inactive biennial renewal fee being increased to the active biennial renewal fee)
3. Board of Occupational Therapy, Analysis of fund Condition #3 (projections derived from fees set forth in Modified Text)

The above documents that are being added to the rulemaking file are available for public inspection on the Board's website (www.bot.ca.gov) and copies are available upon written request. The documents are also available for public inspection at the address listed below during the business hours of 8:00 a.m. to 5:00 p.m.

Any person who wishes to comment on the proposed modifications may do so by submitting written comments on or before 5:00 PM on August 18, 2016, to the following:

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DATED: August 3, 2016



HEATHER MARTIN, Executive Officer
California Board of Occupational Therapy

All materials regarding this proposal can be found on-line at www.bot.ca.gov > Laws and Regulations > Proposed Regulations.

CALIFORNIA BOARD OF OCCUPATIONAL THERAPY
ADDENDUM TO THE INITIAL STATEMENT OF REASONS

Hearing Date: None

Subject Matter of Proposed Regulations: Fees

Section Affected: Title 16, Division 39, California Code of Regulations (CCR), Section 4130

This addendum with documents that are being added to the file are intended to further support and clarify the reason and rationale behind the Board's proposal to increase fees and make modifications to the initially proposed language.

Updated Purpose/Necessity of Proposed Fee Increases:

Fiscal year (FY) 2016-17 presented the Board with increase of \$958,000 to its annual budget. The budget increase is attributed to a new licensing, enforcement, and cashiering computer system and staffing increase to address enforcement backlogs. All proposed fee increases are designed to provide for long term financial stability of the Board's Fund Condition.

DOCUMENTS ADDED TO FILE

In an effort to further illustrate the Board's Fund Condition and how the proposed fee increases are projected to affect the Fund Condition the following documents are being added to the rulemaking record:

Analysis of Fund Condition #1 (Reflects FY 2014-15 to 2020-21.) Projections in this analysis are based on the Board's initial proposal to increase the duplicate licensee from \$15 to \$25, increase the limited permit fee from \$75 to \$100, increase the initial licensing and biennial renewal fees for occupational therapists from \$150 to \$220, increase the initial licensing and biennial renewal fees for an occupational therapy assistant license from \$150 to \$180, increase the inactive renewal fee from \$25 to \$50, and increase the delinquent renewal fee from \$75 to \$100. It is important to note that even with the aforementioned fee increases factored in, it is projected the months in reserve would steadily decline downward as the Fund Condition indicates that FY 2020-21 would end with 2.7 months in reserve and a negative balance is projected thereafter.

Analysis of Fund Condition #2 (Reflects FY 2015-16 to FY 2025-26.) Projections on this analysis are based on the same fee increases cited in Fund Condition #1, except for the inactive renewal fee. Whereas Fund Condition #1 projections were based on the inactive fee being \$50, Analysis of Fund condition #2 calculates the inactive fee being *equal* to the biennial renewal fee for an active license as required by statute. Even with the biennial inactive renewal fee being increased to match the biennial renewal fee for an active license, projections still reflect the Board's Fund would be negative by FY 2023-24 and on-going.

Analysis of Fund Condition #3 (Reflects FY 2015-16 to FY 2025-26.) Projections on this analysis are based on same fee increases in Fund Condition #2, including the inactive renewal fee being equal to the biennial renewal fee. Whereas Fund condition #2 factors in one increase in the licensing and renewal fee, Fund Condition #3 sets forth a two-step increase to the initial license and biennial renewal fees. In this scenario the existing occupational therapist initial licensing and renewal fee of \$150 would increase to \$220 effective January 1, 2018, and to \$270 effective January 1, 2021. The existing occupational therapy assistant initial licensing and renewal fee of \$150 would increase to \$180 effective January 1, 2018, and to \$220 effective January 1, 2021.

In Fund Condition #3, the Board's Fund is not projected to slip into a future negative fund balance. Under this scenario it is projected the Board's Fund would remain solvent through FY 2025-26 (and possibly thereafter; subject to revenue and budget fluctuations).

Based on the projections provided in the above scenarios, the Board decided to modify the text to increase fees consistent with those reflected in the revenue projections in Fund Condition #3. The Board's motive behind the modified language was to provide for long-term financial stability.

Analysis of Fund Condition #1

3017 - Board of Occupational Therapy Analysis of Fund Condition

Prepared 2/9/2016

2016-17 Governor's Budget
w/proposed fee increases - Scenario 1

	ACTUAL 2014-15	CY 2015-16	Gov Budget BY 2016-17	BY+1 2017-18	BY+2 2018-19	BY+3 2019-20	BY+4 2020-21
BEGINNING BALANCE	\$ 2,925	\$ 2,983	\$ 2,889	\$ 1,943	\$ 1,601	\$ 1,311	\$ 970
Prior Year Adjustment	\$ -3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 2,922	\$ 2,983	\$ 2,889	\$ 1,943	\$ 1,601	\$ 1,311	\$ 970
REVENUES AND TRANSFERS							
Revenues:							
Other regulatory fees	\$ 39	\$ 33	\$ 35	\$ 33	\$ 35	\$ 33	\$ 33
Proposed duplicate license fee increase from \$15 to \$25				\$ 2	\$ 2	\$ 2	\$ 2
Other regulatory licenses and permits	\$ 214	\$ 242	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254
Proposed initial licensed fee \$150 to \$220/OT and \$150 to \$180/OTA; Limited permit from \$75 to \$100 both OT & OTA				\$ 134	\$ 153	\$ 153	\$ 153
Renewal fees	\$ 949	\$ 983	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033
Proposed renewal fee from \$150 to \$220/OT and \$150 to \$180/OTA				\$ 510	\$ 587	\$ 587	\$ 587
Delinquent fees	\$ 14	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Proposed Delinquent fees \$75 to \$100				\$ 6	\$ 7	\$ 7	\$ 7
Sales of documents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous services to the public	\$ 19	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21
Income from surplus money investments	\$ 8	\$ 8	\$ 8	\$ 8	\$ 9	\$ 8	\$ 8
Interest income from interfund loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Escheat of unclaimed checks and warrants	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
Miscellaneous revenues	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penalty Assessments	\$ 14	\$ 20	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16
Totals, Revenues	\$ 1,259	\$ 1,323	\$ 1,383	\$ 2,033	\$ 2,133	\$ 2,130	\$ 2,130
Transfers from Other Funds							
Transfers to Other Funds							
Totals, Revenues and Transfers	\$ 1,259	\$ 1,323	\$ 1,383	\$ 2,033	\$ 2,133	\$ 2,130	\$ 2,130
Totals, Resources	\$ 4,181	\$ 4,306	\$ 4,272	\$ 3,976	\$ 3,734	\$ 3,441	\$ 3,100
EXPENDITURES							
Disbursements:							
0840 SCO (State Operations)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8880 Financial Information System for California (State Oper	\$ 1	\$ 2	\$ 1	\$ -	\$ -	\$ -	\$ -
1110 Program Expenditures (State Operations)	\$ 1,197	\$ 1,415	\$ 2,328	\$ 2,375	\$ 2,423	\$ 2,471	\$ 2,520
Annual Expenditures Totals	\$ 1,198	\$ 1,417	\$ 2,329	\$ 2,375	\$ 2,423	\$ 2,471	\$ 2,520
FUND BALANCE							
Reserve for economic uncertainties	\$ 2,983	\$ 2,889	\$ 1,943	\$ 1,601	\$ 1,311	\$ 970	\$ 580
Months In Reserve	25.3	14.9	9.8	7.9	6.4	4.6	2.7

NOTES:

- A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED IN BY+1 AND ONGOING
- B. ASSUME APPROPRIATION GROWTH OF 2% IN BY+1 AND ONGOING
- C. INTEREST ON FUND ESTIMATE AT .3%

Analysis of Fund Condition #2

3017 - Board of Occupational Therapy Analysis of Fund Condition

2016-17 Governor's Budget
w/fee increases eff. 1/1/2018

Prepared 6/10/2016

*Fee increases effective 1/1/2018:
-OT Renewal and Initial License Fees \$150 to \$220;
-OTA Renewal and Initial License Fees \$160 to \$180;
-Delinquent Fee from \$75 to \$100
-Unfiled Permit Fee from \$75 to \$100
-OT Inactive Renewal from \$25 to \$220; OTA Inactive Renewal from \$25 to \$180

	CY 2015-16	Gov Budget BY 2016-17	BY+1 2017-18	BY+2 2018-19	BY+3 2019-20	BY+4 2020-21	BY+5 2021-22	BY+6 2022-23	BY+7 2023-24	BY+8 2024-25	BY+9 2025-26
BEGINNING BALANCE	\$ 2,983	\$ 2,889	\$ 1,953	\$ 1,399	\$ 1,221	\$ 994	\$ 718	\$ 392	\$ 15	\$ -414	\$ -896
Prior Year Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 2,983	\$ 2,889	\$ 1,953	\$ 1,399	\$ 1,221	\$ 994	\$ 718	\$ 392	\$ 15	\$ -414	\$ -896
REVENUES AND TRANSFERS											
Revenues:											
125600 Other regulatory fees	\$ 33	\$ 35	\$ 33	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35
125700 Duplicate lic fee increase from \$15 to \$25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
125700 Other regulatory licenses and permits	\$ 242	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254
125800 Renewal fees	\$ 993	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033
125900 Delinquent fees	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
141200 Sales of documents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
142500 Miscellaneous services to the public	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21
150300 Income from surplus money investments	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8
150500 Interest income from interfund loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
160400 Sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
161000 Escheat of unclaimed checks and warrants	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
161400 Miscellaneous revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
164300 Penalty Assessments	\$ 20	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16
Totals, Revenues	\$ 1,323	\$ 1,383	\$ 1,810	\$ 2,233	\$ 2,232	\$ 2,232	\$ 2,232	\$ 2,232	\$ 2,232	\$ 2,232	\$ 2,232
Transfers from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals, Revenues and Transfers	\$ 1,323	\$ 1,383	\$ 1,810	\$ 2,233	\$ 2,232	\$ 2,232	\$ 2,232	\$ 2,232	\$ 2,232	\$ 2,232	\$ 2,232
Totals, Resources	\$ 4,306	\$ 4,272	\$ 3,763	\$ 3,632	\$ 3,453	\$ 3,226	\$ 2,950	\$ 2,624	\$ 2,247	\$ 1,818	\$ 1,336
EXPENDITURES											
Disbursements:											
0640 SCO (State Operations)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8880 Financial Information System for California (State Opera	\$ 2	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1110 Program Expenditures (State Operations)	\$ 1,415	\$ 2,318	\$ 2,364	\$ 2,411	\$ 2,459	\$ 2,508	\$ 2,558	\$ 2,609	\$ 2,661	\$ 2,714	\$ 2,768
FUND BALANCE	\$ 1,417	\$ 2,319	\$ 2,364	\$ 2,411	\$ 2,459	\$ 2,508	\$ 2,558	\$ 2,609	\$ 2,661	\$ 2,714	\$ 2,768
Reserve for economic uncertainties	\$ 2,889	\$ 1,953	\$ 1,399	\$ 1,221	\$ 994	\$ 718	\$ 392	\$ 15	\$ -414	\$ -896	\$ -1,432
Months in Reserve	14.9	9.9	7.0	6.0	4.8	3.4	1.8	0.1	-1.8	-3.9	-6.1

Analysis of Fund Condition #3

2016-17 Governor's Budget Analysis of Fund Condition

Prepared 6/10/2016

2016-17 Governor's Budget
with fee increases eff 1/1/2018 and subsequent increases eff 1/1/2021

*Fee increases effective 1/1/2018: -OT Renewal and Initial License Fees \$150 to \$220; -OTA Renewal and Initial License Fees \$750 to \$180	**Fee increases effective 1/1/2021: -OT Renewal and Initial License Fees \$220 to \$270; -OTA Renewal and Initial License Fees \$180 to \$220
-Delinquent Fee from \$75 to \$100 -Unlimited Permt. Fee from \$75 to \$100	-OT Inactive Renewal from \$220 to \$270; OTA Inactive Renewal from \$180 to \$220

	CY 2015-16	Budget BY 2016-17	BY+1 2017-18	BY+2 2018-19	BY+3 2019-20	BY+4 2020-21	BY+5 2021-22	BY+6 2022-23	BY+7 2023-24	BY+8 2024-25	BY+9 2025-26
BEGINNING BALANCE	\$ 2,983	\$ 2,889	\$ 1,953	\$ 1,401	\$ 1,223	\$ 996	\$ 943	\$ 1,064	\$ 1,134	\$ 1,152	\$ 1,117
Prior Year Adjustment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 2,983	\$ 2,889	\$ 1,953	\$ 1,401	\$ 1,223	\$ 996	\$ 943	\$ 1,064	\$ 1,134	\$ 1,152	\$ 1,117
REVENUES AND TRANSFERS											
Revenues:											
125600 Other regulatory fees	\$ 33	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35
125700 Other regulatory licenses and permits	\$ 242	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254	\$ 254
Fee increases eff 1/1/2018	\$ -	\$ 88	\$ 88	\$ 153	\$ 153	\$ 153	\$ 153	\$ 153	\$ 153	\$ 153	\$ 153
Fee increases eff 1/1/2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
125900 Renewal fees	\$ 983	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033	\$ 1,033
Fee increases eff 1/1/2018	\$ -	\$ 337	\$ 337	\$ 688	\$ 688	\$ 688	\$ 688	\$ 688	\$ 688	\$ 688	\$ 688
Fee increases eff 1/1/2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
125900 Delinquent fees	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Fee increases from \$75 to \$100 eff 1/1/2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
141200 Sales of documents	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21	\$ 21
Miscellaneous services to the public	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8	\$ 8
150300 Income from surplus money investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
150500 Interest income from interfund loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
160400 Sale of fixed assets	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
161000 Escheat of unclaimed checks and warrants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
161400 Miscellaneous revenues	\$ 20	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16
164300 Penalty Assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals, Revenues	\$ 1,323	\$ 1,383	\$ 1,812	\$ 2,233	\$ 2,232	\$ 2,455	\$ 2,679	\$ 2,679	\$ 2,679	\$ 2,679	\$ 2,679
Transfers from Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals, Revenues and Transfers	\$ 1,323	\$ 1,383	\$ 1,812	\$ 2,233	\$ 2,232	\$ 2,455	\$ 2,679	\$ 2,679	\$ 2,679	\$ 2,679	\$ 2,679
Totals, Resources	\$ 4,306	\$ 4,272	\$ 3,765	\$ 3,634	\$ 3,455	\$ 3,451	\$ 3,622	\$ 3,743	\$ 3,813	\$ 3,831	\$ 3,796
EXPENDITURES											
Disbursements:											
0840 SCO (State Operations)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8860 Financial Information System for California (State Operations)	\$ 2	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1110 Program Expenditures (State Operations)	\$ 1,415	\$ 2,318	\$ 2,364	\$ 2,411	\$ 2,459	\$ 2,508	\$ 2,558	\$ 2,609	\$ 2,661	\$ 2,714	\$ 2,768
Totals, Expenditures	\$ 1,417	\$ 2,319	\$ 2,364	\$ 2,411	\$ 2,459	\$ 2,508	\$ 2,558	\$ 2,609	\$ 2,661	\$ 2,714	\$ 2,768
FUND BALANCE											
Reserve for economic uncertainties	\$ 2,889	\$ 1,953	\$ 1,401	\$ 1,223	\$ 996	\$ 943	\$ 1,064	\$ 1,134	\$ 1,152	\$ 1,117	\$ 1,028
Months in Reserve	14.9	9.9	7.0	6.0	4.8	4.4	4.9	5.1	5.1	4.8	4.4