

TITLE 16, DIVISION 39. CALIFORNIA BOARD OF OCCUPATIONAL THERAPY

DEPARTMENT OF CONSUMER AFFAIRS

INITIAL STATEMENT OF REASONS

Hearing Date: No hearing scheduled for this proposed action.

Subject Matter of Proposed Regulations: Fees

Section(s) Affected: Section 4130 of Division 39 of Title 16, California Code of Regulations (CCR)¹.

Background and Statement of the Problem:

The California Board of Occupational Therapy (Board) licenses, regulates, and investigates complaints against occupational therapy practitioners in California. The licensing categories include occupational therapists, occupational therapy assistants, occupational therapist limited permit holders, and occupational therapy assistant limited permit holders, totaling more than 26,700 licensees and limited permit holders. It is the Board's duty to enforce and administer the Occupational Therapy Practice Act, Chapter 5.6 of Division 2, at sections 2570-2572, of the Business and Professions Code (BPC). Specifically, BPC section 2570.20 (a) states "the board shall administer, coordinate, and enforce the provisions of this chapter, evaluate the qualifications for licensure, and may approve the examinations for licensure under this chapter." BPC section 2570.20 (b) states the "board shall adopt rules in accordance with the Administrative Procedure Act necessary to effectuate the purpose of this chapter for persons holding a license to practice occupational therapy or to assist in the practice of occupational therapy in this state."

The Board's funding source is classified as special funds; the Board does not receive general fund support. The Board's fund is appropriated by the governor, and the Board operates within the budget established by the legislature. The Board's current fee structure was last adjusted in 2021; however, the Board's fee structure no longer supports the actual costs of services provided today. In recent years, the cost incurred to fulfill a service has grown to exceed the current fees associated with that service, and the Board's fund has become structurally imbalanced due to projected revenues failing to keep pace with expenditures. The Board's major sources of revenue come from licensing and renewal fees, with the maximums set by statute. BPC sections 2570.9, 2570.10, and 2570.16 prescribe and establish the statutory limits for the fees that the Board may charge and collect.

¹ All CCR references are to Title 16 unless otherwise noted.

Title 16 CCR 4130(b) and 4130(c) set forth the Board’s fees for initial licenses.
 Title 16 CCR 4130(e) and 4130(f) set forth the Board’s fees for biennial renewals.
 Title 16 CCR 4130(g) sets forth the Board’s fees for delinquent renewals.
 Title 16 CCR 4130(h) sets forth the Board’s fees for biennial renewals of inactive licenses.

The proposed regulatory amendment will increase initial licensing and renewal fees (which in turn will increase delinquent fees, which are one-half of the renewal fee) to ensure revenue collected is more closely aligned with the Board’s annual expenditures. Unless additional revenue is raised, the Board will continue to spend more than it brings in and will become insolvent. Additionally, future unknown events, such as expenses incurred for large enforcement cases, increases in DCA pro rata costs, and increases in statewide general administrative costs could further deplete the fund, adding additional pressure to the Board’s ability to meet its mandate and mission.

To address the Board’s potential insolvency and help alleviate the Board’s structural imbalance, the Board proposes increasing the Board’s initial license fees, biennial license renewal fees, and delinquency fees. The proposed regulatory amendments will increase the Board’s fees as follows:

CCR Section 4130 License Fees	Current Fee	Proposed Fee	Increase Amount
Occupational Therapist - Initial*	\$270	\$300	\$30
Occupational Therapist - Renewal (Active)	\$270	\$300	\$30
Occupational Therapist - Renewal (Inactive)	\$270	\$300	\$30
Occupational Therapist - Delinquent Renewal	\$135	\$150	\$15
Occupational Therapy Assistant - Initial*	\$210	\$300	\$90
Occupational Therapy Assistant - Renewal (Active)	\$210	\$300	\$90
Occupational Therapy Assistant - Renewal (Inactive)	\$210	\$300	\$90
Occupational Therapy Assistant (Delinquent Renewal)	\$105	\$150	\$45

*Prorated per California Code of Regulations section 4120(a)(1)

Subsections (b) and (c) of section 4130 specify that the initial license fees for occupational therapists and occupational therapy assistants shall be prorated and consistent with the biennial renewal fee, as specified.

Anticipated benefits from this regulatory action:

This regulatory proposal seeks to amend the Board’s fee schedule in CCR section 4130, which will help ensure the Board has sufficient funding to meet its consumer protection mandate, while also meeting the Board’s mission to protect the public’s safety and property by promoting standards for competence and integrity through licensing and regulating the Board’s professions.

The Board anticipates the proposed fee structure will balance the Board's fund and maintain appropriate fund reserves effective no later than July 1, 2026. This will help the Board remain solvent, align fees with the full cost of operational services, and facilitate the effective administration of the Board while meeting the needs of the public, applicants, and licensees. The proposed fees will apply to the renewal of licenses that expire after the effective date of the amendments to the regulations and to all other specified fees to be charged as of the effective date of the amendments to the regulations.

The Board must take immediate action to raise the regulatory fees it collects to increase the Board's revenue and have funding available to continue the Board's daily functions, enforcement, and licensing operations without interruptions.

This regulatory proposal will benefit the health and welfare of California residents as it allows the Board to continue to protect consumers through licensing and enforcement activities. This regulatory proposal does not affect worker safety, or the state's environment.

Specific purpose of, and rationale for, each adoption, amendment, or repeal:

The Board last raised fees in 2021, and since that time, cost of operations has increased and created a structural imbalance, with the Board projected to become insolvent in Fiscal Year (FY) 2028-29 if fees remain at their current level. This proposed regulation would increase the Board's prorated initial license fees, biennial license renewal fees, delinquent renewal fees, and biennial inactive license renewal fees which will help alleviate the Board's structural imbalance. The Board completed a workload cost analysis to support this proposal (**see Underlying Data**).

The Board is proposing the following changes to increase fees:

Amend Section 4130 (e)

Purpose: This proposal amends the two-year biennial license renewal fee for occupational therapist licenses that expire on or after January 1, 2021, to apply instead to licenses that expire on or after July 1, 2026, and to increase the fee from \$270 to \$300.

Rationale: BPC section 2570.16 states "Initial license and renewal fees shall be established by the board in an amount that does not exceed a ceiling of one hundred fifty dollars (\$150) per year." The proposed amendment will keep this regulation consistent with the controlling statute and will ensure the Board's future fiscal solvency by making sufficient resources available to meet the Board's consumer protection mandate and maintain Board operations. Also, as referenced above, the Board completed a workload cost analysis to support the increase of fees, which is necessary to address the fund's structural imbalance. Further, amending this subdivision is necessary to provide notice of the updated year in which the renewal fee becomes effective given the anticipated

adoption of this regulatory action.

Amend Section 4130 (f)

Purpose: This proposal amends the two-year biennial license renewal fee for occupational therapy assistant licenses that expire on or after January 1, 2021, to apply instead to licenses that expire on or after July 1, 2026, and to increase the fee from \$210 to \$300.

Rationale: BPC section 2570.16 states “Initial license and renewal fees shall be established by the board in an amount that does not exceed a ceiling of one hundred fifty dollars (\$150) per year.” The proposed amendment will keep this regulation consistent with the controlling statute and will ensure the Board’s future fiscal solvency by making sufficient resources available to meet the Board’s consumer protection mandate and maintain Board operations. Also, as referenced above, the Board completed a workload cost analysis to support the increase of fees, which is necessary to address the fund’s structural imbalance. Further, amending this subdivision is necessary to provide notice of the updated year in which the renewal fee becomes effective given the anticipated adoption of this regulatory action.

Underlying Data

1. Excerpt of June 12-13, 2025, Board Meeting Minutes
2. Excerpt of June 12-13, 2025, Board Meeting Materials, Agenda Item 20

Business Impact:

Although the regulation has an economic impact, the Board has made the initial determination that the proposed regulatory action will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states, because the fee increases are considered minor compared to the income of most applicants, licensees and registrants.

Economic Impact Assessment:

Increasing fees will benefit California consumers by allowing the Board to recover administrative costs thereby reducing the Board’s structural imbalance and ensuring the Board has funds to carry out its consumer protection mandate.

This regulatory proposal will have the following effects:

- It will not create or eliminate jobs within the State of California because these costs are considered minor compared to the income of most applicants and licensees in these professions and for the businesses who may hire occupational therapists or occupational therapy assistants.

- It will not create new business or eliminate existing businesses within the State of California because these costs are considered minor compared to the income of most applicants and licensees in these professions and for the businesses who may hire occupational therapists or occupational therapy assistants.
- It will not affect the expansion of businesses currently doing business within the State of California because these costs are considered minor compared to the income of most applicants and licensees in these professions and for the businesses who may hire occupational therapists or occupational therapy assistants.

The regulations are estimated to result in additional costs of approximately \$497,000 per year as follows:

CCR Section 4130 License Fees	Apps Per Year**	Increase Amount	Increased Costs
Occupational Therapist - Initial*	1,439	\$30	\$43,170
Occupational Therapist - Renewal (Active)	7,669	\$30	\$230,070
Occupational Therapist - Renewal (Inactive)	145	\$30	\$4,350
Occupational Therapist - Delinquent Renewal	265	\$15	\$3,975
Occupational Therapy Assistant - Initial*	394	\$90	\$35,460
Occupational Therapy Assistant - Renewal (Active)	1,932	\$90	\$173,880
Occupational Therapy Assistant - Renewal (Inactive)	2	\$90	\$180
Occupational Therapy Assistant (Delinquent Renewal)	122	\$45	\$5,490
Total Costs:			\$496,575

*Prorated per California Code of Regulations section 4120(a)(1)

**Three-Year Average

This regulatory proposal benefits the health and welfare of California residents because the proposal will increase the Board’s revenue and funding available to continue the Board’s enforcement, investigative, licensing, and public outreach operations without interruption.

This regulatory proposal does not affect worker safety or the state’s environment because the proposed regulations are not relative to workers’ safety or the environment. This regulatory proposal focuses on an increase in fees to help to reduce the Board’s current structural imbalance and does not affect worker safety or the state’s environment.

Fiscal Impact:

The Board estimates the proposed regulations will increase revenues by approximately \$497,000 per year and up to \$4.97 million over a ten-year period as follows:

CCR Section 4130 License Fees	Apps Per Year**	Increase Amount	Increased Costs
Occupational Therapist – Initial*	1,439	\$30	\$43,170
Occupational Therapist – Renewal (Active)	7,669	\$30	\$230,070
Occupational Therapist – Renewal (Inactive)	145	\$30	\$4,350
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Occupational Therapy Assistant – Renewal (Active)	1,932	\$90	\$173,880
Occupational Therapy Assistant – Renewal (Inactive)	2	\$90	\$180
Occupational Therapy Assistant – Delinquent Renewal Fee	122	\$45	\$5,940
Total Revenues:			\$496,575

*Prorated per California Code of Regulations Section 4120(a)(1)

**Three-Year Average

Because the Board already performs workload associated with these programs and fees, no additional workload and costs are anticipated.

The Board estimates one-time information technology (IT) costs of \$1,000 to update cashiering and accounting software. Any IT costs will be absorbed within existing resources.

The regulations do not result in any costs or savings in federal funding to the state.

Specific Technologies or Equipment:

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

Consideration of Alternatives:

No reasonable alternative to the regulatory proposal would be either more effective in carrying out the purpose for which the action is proposed or would be as effective or less burdensome to affected private persons and equally effective in achieving the purposes of the regulation in a manner that ensures full compliance with the law being implemented or made specific.

No such alternatives have been proposed, however, the Board welcomes comments from the public.

Description of reasonable alternatives to the regulation that would lessen any adverse impact on small business:

No such alternatives have been proposed, however, the Board welcomes comments from the public.