



BUDGET UPDATE AUGUST 2012

2011/2012 Budget

The Board completed FY 2011/2012 with an unencumbered balance of \$188,938.

Fund Condition

A current fund condition report is not available. At the May Board meeting staff reported a 3.1 month reserve balance.

General Fund Loans

Currently, the Board has a total of \$12.3 million dollars in loans to the General Fund. The Board was informed that it may receive some monies towards this loan in 2012/2013. Any repayment the Board receives will be reported at a subsequent meeting.

2012/2013 Budget

The proposed 2012/2013 budget for the Board is \$8,153,000 with 40.7 staff positions.

Budget letter (BL) 12-03 issued by the Department of Finance (DOF) on March 12, 2012, directed the Board to reduce its authorized positions. Specifically, BL 12-03 directs departments to make necessary adjustments to accurately reflect budget expenditures and positions for a more transparent budget. This adjustment eliminates budgeted salary savings which was included in previous years.

The Board was directed to reduce its salary savings by 3.1 positions (1.6 authorized and 1.5 temporary help positions). The Board eliminated two positions that were currently vacant; the LCSW evaluator position and the half time special investigator position. The remaining 1.5 position was addressed in the temporary help budget category so the Board is not required to eliminate any additional staff positions.

The economic climate of the California state budget has not improved. Many of the previous directions and executive orders to reduce spending will remain effective during FY 2012/2013. Additionally, Board staff will receive one day off in exchange for a 5% salary reduction. Staff must use this day each month and is not allowed to accrue the day off to use at a later time. The Board office will continue its normal operating hours.

On July 3, 2012, the Legislature approved Governor Brown's Reorganization Plan. This plan calls for reducing the number of state agencies from 12 to 10 and eliminates or consolidates a number of departments and entities. The plan will be implemented within the next year.

Although the Board is not directly affected by the reorganization plan, the agency the Board reports to, the State and Consumer Services Agency (SCSA) will see significant changes. SCSA and the Business, Transportation, and Housing Agency will be consolidated into a new agency, the Business and Consumer Services Agency (BCSA). The Department of Consumer

Affairs (DCA) will remain under BCSA. However, DCA will see the addition of the following departments.

- Department of Real Estate
- The Office of Real Estate Appraisers
- The Structural Pest Control Board
- The Board of Chiropractic Examiners.

BCSA will also include the following departments; Housing and Community Development, Fair Employment and Housing, Alcohol Beverage Control, California Horse Racing Board, Seismic Safety Commission, and the Department of Business Oversight.

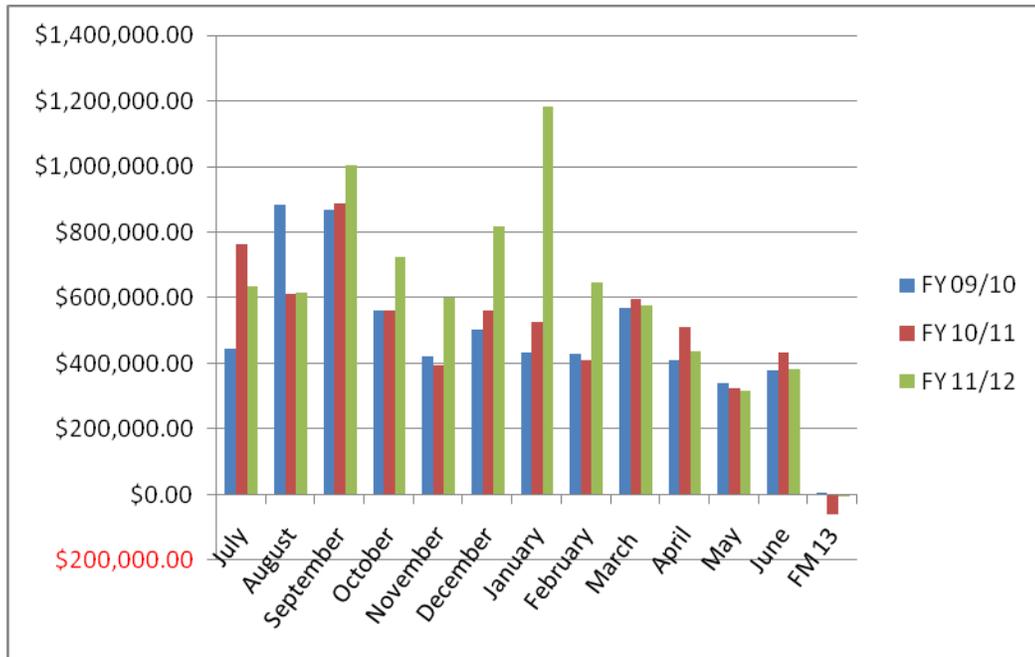
BBS EXPENDITURE REPORT FY 2011/12

OBJECT DESCRIPTION	10/11	FY 2011/12		
	ACTUAL EXPENDITURES	BUDGET ALLOTMENT	FM 13	UNENCUMBERED BALANCE
PERSONAL SERVICES				
Salary & Wages (Civ Svc Perm)	1,583,478	1,982,964	1,728,521	254,443
Salary & Wages (Stat Exempt)	83,342	89,607	89,748	(141)
Temp Help (907)(Seasonals)	14,224	7,105	0	7,105
Temp Help (915)(Proctors)	0	444	0	444
Board Memb (Per Diem)	12,500	12,900	13,700	(800)
Overtime	769	14,533	0	14,533
Totals Staff Benefits	808,258	936,926	866,038	70,888
Salary Savings		(98,132)		(98,132)
TOTALS, PERSONAL SERVICES	2,502,571	2,946,347	2,698,007	248,340
OPERATING EXP & EQUIP				
Fingerprint Reports	47,511	34,454	17,290	17,164
General Expense	59,761	153,396	67,776	85,620
Printing	28,997	78,000	53,288	24,712
Communication	13,010	36,513	8,801	27,712
Insurance	0	325		325
Postage	82,685	108,009	79,993	28,016
Travel, In State	107,268	127,684	88,947	38,737
Travel, Out-of-State	1,000	0	28,320	(28,320)
Training	4,486	20,463	8,385	12,078
Facilities Operations	172,687	227,925	267,473	(39,548)
Utilities	0	4,330	280	4,050
C&P Services - Interdept.	0	14,939	0	14,939
C&P Services-External Contracts	1,117	110,978	17,400	93,578
DEPARTMENTAL PRORATA				
DP Billing (424.03)	389,238	530,575	516,006	14,569
Indirect Distribution Costs (427)	483,649	398,157	389,640	8,517
Public Affairs (427.34)	34,911	27,473	26,284	1,189
D of I Prorata (427.30)	16,490	16,058	13,058	3,000
Consumer Relations Division (427.35)	22,612	27,818	26,881	937
OPP Support Services (427.01)	0	490	0	490
Interagency Services (OER IACs)	200,565	325,065	243,757	81,308
Consolidated Data Services (428)	4,787	23,929	2,333	21,596
Data Proc (Maint,Supplies,Cont)	19,074	10,448	238,955	(228,507)
Statewide Pro Rata (438)	236,578	322,127	322,128	(1)
EXAM EXPENSES				
Exam Site Rental	90,109	99,630	48,507	51,123
Exam Contract (PSI) (404.00)	401,331	358,659	334,567	24,092
C/P Svs - Expert Examiners (404.01)	7,551	0		0
C/P Svs - External Subj Matter (404.03)	199,439	410,260	212,020	198,240
ENFORCEMENT				
Attorney General	965,443	801,588	1,002,705	(201,117)
Office of Admin. Hearing	167,825	154,926	138,912	16,014
Court Reporters	8,026	0	7,351	(7,351)
Evidence/Witness Fees	57,889	94,955	34,079	60,876
Division of Investigation	337,810	248,962	239,510	9,452
LPCC	214,625		386,191	(386,191)
Minor Equipment (226)	24,145	30,600	16,906	13,694
Equipment, Replacement (452)	0	8,000	47,394	(39,394)
Equipment, Additional (472)	0	0	0	0
Vehicle Operations	0	19,000	0	19,000
TOTAL, OE&E	4,400,619	4,825,736	4,885,138	(59,402)
TOTAL EXPENDITURES	\$6,903,190	\$7,772,083	\$7,583,145	\$188,938

Reimbursements	FY 10/11 Actuals	Budget Alotment	FM 13
Fingerprints	(49,846)	(24,000)	(13,301)
Other Reimbursements	(12,685)	(26,000)	(11,215)
Unscheduled Reimbursements	(91,064)		(120,609)
Total Reimbursements	(153,595)	(50,000)	(145,125)

DISCRETIONARY.

BBS Revenue Analysis



Month	FY 09/10	FY 10/11	FY 11/12
July	\$443,240.40	\$762,284.90	\$636,305.00
August	\$882,032.22	\$612,879.75	\$614,882.97
September	\$866,668.07	\$888,896.00	\$1,002,602.57
October	\$560,398.81	\$560,370.10	\$723,621.83
November	\$423,006.21	\$393,690.35	\$601,895.03
December	\$503,837.85	\$560,118.27	\$816,772.93
January	\$431,585.53	\$527,079.68	\$1,180,871.34
February	\$430,200.00	\$409,637.17	\$646,040.15
March	\$569,946.20	\$597,687.20	\$576,972.25
April	\$411,491.57	\$512,561.91	\$437,016.67
May	\$338,009.28	\$322,487.96	\$317,204.07
June	\$378,260.00	\$432,003.03	\$383,326.67
FM 13	\$6,175.21	(\$59,968.77)	(\$1,375.78)



OFFICE OF THE GOVERNOR

March 30, 2012

Daniel W. Hancock, Chairman
Little Hoover Commission
925 L Street
Sacramento, CA 95814

Dear Chairman Hancock:

I am sending you this plan under Government Code section 8523 to reorganize state government. This plan is another step in my continuing efforts to streamline government, make it more efficient, and reduce unnecessary spending. Upon implementation, this plan will improve the management and coordination of government activities, which will facilitate further consolidations and cost savings.

Sincerely,

A handwritten signature in black ink that reads "Edmund G. Brown Jr." with a large, stylized flourish at the end.

Edmund G. Brown Jr.

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Government Reorganization Plan
Governor Edmund G. Brown Jr.
2012

The State's current organizational structure lacks cohesion and logical organization. For example, some agencies contain departments with unrelated missions, and some departments have programs that are similar to programs in other departments scattered throughout state government. This haphazard structure inhibits coordination and efficiency, and makes it difficult to identify programs with duplicative functions. Why, for example, should Caltrans, the Department of Managed Health Care, and the Department of Financial Institutions be part of the same agency? And why should the Department of Real Estate Appraisers be in a different agency than almost all other professional licensing entities? Confusing associations like these make little sense and both produce and obscure inefficiencies.

This government reorganization plan (GRP) goes a long way toward improving organizational relationships. It makes government more sensible and accessible, easier to manage, and more coordinated and efficient. In doing so, it will help government provide better and more cost-effective service.

Changes to Agencies

At the agency level, this GRP reduces the number of agencies from twelve to ten. This is accomplished by replacing five agencies with three.

- The responsibilities of the Business, Transportation, and Housing Agency will generally be shifted into two new agencies.
 - The business and housing portions will merge into the new Business and Consumer Services Agency.
 - The transportation portions will merge into the new Transportation Agency.
- The responsibilities of the State and Consumer Services Agency will generally be shifted into two new agencies.
 - The state service programs will merge into the new Government Operations Agency.

- The consumer services portion will merge into the new Business and Consumer Services Agency.
- The Technology Agency will become a department under the new Government Operations Agency, although its head will remain the state-wide Chief Information Officer.
- The Emergency Management Agency will become an office directly reporting to the Governor.
- The Volunteer Program will become a unit within the Governor's Office of Planning and Research, with which it already shares an existing budgetary relationship.

The New Government Operations Agency

Major components of administering state operations, such as procurement, information technology, and human resources, are currently dispersed throughout government. Combining these and other operational programs into one agency will improve management and accountability, increase efficiency, and promote better and more coordinated operational decisions. It will also foster state-wide perspectives, improve communication and information sharing, and change cultures that prioritize control over service.

The new Government Operations Agency will include the following departments:

- General Services
- Human Resources (CalHR)
 - Because CalHR has a unique role in negotiating contracts with employee bargaining units and handling labor relations, this GRP ensures that the Director will report directly to the Governor on these issues.
- Technology
 - The new Department of Technology retains state-wide authority to centralize and unify the State's information-technology projects. And its alignment with other administrative service programs will enhance its ability to develop, launch, manage, and monitor large informational-technology projects. By being in the same organizational structure as

CalHR, the department will be better able to address one of its greatest challenges: recruiting and retaining qualified information-technology professionals. This GRP also ensures that the department will direct and set state-wide information-technology policy by making its director the State's Chief Information Officer. The appointment of the director will be confirmed by the Senate.

- Office of Administrative Law
- Public Employees' Retirement System
- State Teachers' Retirement System
- State Personnel Board
- Government Claims Board

The Business and Consumer Services Agency

Entities that regulate or license industries, business activities, or professionals are currently spread throughout state government. Some entities regulating businesses are part of the current Business, Transportation and Housing Agency; some entities that license professionals are part of the State and Consumer Services Agency; and others overseeing other businesses and professionals are scattered throughout government, many with little shared structural relationship. Consolidating these entities into a new Business and Consumer Services Agency will improve service, consistency, and efficiency by facilitating shared administrative functions and expertise in areas such as automated systems, investigative practices, and licensing and legal processes. It will also help the public more easily know where to get information about entities regulating the businesses and professionals that they have direct contact with. The Business and Consumer Services Agency will include the following departments:

- Consumer Affairs
 - Professional licensing functions will be further consolidated within the Department of Consumer Affairs (DCA), which provides administrative and executive services for boards and commissions regulating licensed professionals. The Department of Real Estate, the Office of Real Estate Appraisers, the Structural Pest Control Board, and the Board of Chiropractic Examiners will join the other licensing bureaus under the DCA to promote greater administrative efficiency, coordination, and uniformity.

- Housing and Community Development
 - This department will incorporate the functions of the Department of Housing and Community Development and the California Housing Finance Agency, which both assist in developing and financing affordable housing and administering general obligation bond programs. By merging these functions, the Department of Housing and Community Development will be better able to efficiently coordinate and address the State's housing needs.
- Fair Employment and Housing
- Alcoholic Beverage Control
- California Horse Racing Board
- Seismic Safety Commission
- Department of Business Oversight.
 - This new department will consolidate the State's oversight of financial businesses by merging the Department of Corporations (which has regulated a variety of financial entities such as securities brokers and dealers, financial planners, and mortgage lenders unaffiliated with banks) with the Department of Financial Institutions (which has regulated state-chartered banks, credit unions, and money transmitters).

The Transportation Agency

The State's transportation entities will be consolidated into one agency that will focus solely on California's transportation needs. Aligning these entities will facilitate more effective coordination in addressing the critical transportation issues the State will face in coming years. The new Transportation Agency will include the following departments:

- Transportation (Caltrans)
- Motor Vehicles
- High-Speed Rail Authority
- Highway Patrol
- California Transportation Commission
- Board of Pilot Commissioners.

Other Reorganizations

In addition to creating three new agencies, the GRP restructures other parts of the State's organization. These changes include consolidating and strengthening entities that promote economic growth, and better organizing other parts of the government.

- Last year, the Legislature created the Governor's Office of Business and Economic Development (GO Biz) to coordinate and promote business development and to encourage private-sector investment and job growth. Before Go Biz was created, programs to bring jobs to the State, enhance exports, and market California goods were dispersed in various areas of the government such as the Office of Economic Development, the Commission on Economic Development, the former Trade and Commerce Agency, and other entities.

This GRP strengthens and expands Go Biz by incorporating into it other growth-promoting programs. These include the Infrastructure Bank, the Film Commission, the Tourism Commission, the Small Business Centers, and the Small Business Guarantee Loan Program. Consolidating these programs will strengthen GO Biz and give the state a stronger and more unified ability to promote and improve the State's economy.

- The Office of Traffic Safety distributes federal grants to the state and local entities. It will no longer be a stand-alone entity, but will instead be an office within and reporting to the Transportation Agency so that is aligned with transportation entities.
- The Public Employees Retirement Board will no longer be a stand-alone entity, but will instead be aligned with the Labor and Workforce Development Agency.
- The current system of gambling regulation duplicates administrative, investigative, and enforcement activities between the Gambling Commission and the Bureau of Gambling Control in the Division of Law Enforcement of the Department of Justice. While consolidating these functions in the Bureau of Gambling Control, this GRP ensures that the Gambling Commission retains its policy authority. This GRP also maintains the current arrangement of shared oversight over gambling activities between the Commission and the Attorney General.

- The Department of Resources, Recycling and Recovery (CalRecycle) will be transferred from the Natural Resources Agency to the California Environmental Protection Agency (EPA). Hazardous waste, electronic waste, used oil, used tires, and landfill permits are typically not considered “natural resources” but wastes. This program is better associated with the EPA, which regulates pollutants, than with the Natural Resources Agency, which does not.
- The functions of the Department of Boating and Waterways will transfer into a division in the Department of Parks and Recreation, similar to the Off-Highway Vehicle Recreation Division. Boating and Waterways already funds operations at all of the Department of Parks and Recreation’s reservoirs, and they partner in constructing boating facilities. Because Boating and Waterways is being transferred to the Department of Parks and Recreation, the California Boating and Waterways Commission will be eliminated, and its duties will be absorbed by the Department of Parks and Recreation. This GRP maintains the current requirements that boating fees are reserved for boating activities.
- The Delta Stewardship Council will transfer to the Natural Resources Agency. This will help improve communication and coordination regarding the State’s water policies, and it will consolidate administrative functions.
- The Office of Exposition Park, which will include the California Science Center and the African American Museum, will also transfer to the Natural Resources Agency. Its current agency, the State and Consumer Services Agency, will no longer exist, and the mission and functions of Exposition Park are similar to those of state parks, which are already located within the Natural Resources Agency.

This GRP affects administrative and operational coordination and alignment, but it does not change the degree of policy independence held by remaining independent or quasi-independent boards, commissions, and similar entities.

Board Statistics

Attached for your review are the quarterly performance statistics. Processing times on this report reflect an average for the quarter.

Board Staffing

Currently, the Board does not have any vacancies.

Budget letter BL 12-03 directed the Board to reduce the number of staff positions by 3.1 positions to reflect a more accurate budget by June 30, 2012. These positions were previously accounted in the Board budget as built in salary savings.

At the time of this direction the Board had two vacancies. These vacancies were targeted to fulfill the requirements of the BL 12-03. Consequently, the Board lost a Licensed Clinical Social Worker (LCSW) examination evaluator and an enforcement position. Board staffing was reduced from 43.1 positions to 40.7 positions. The Board is permitted to account for the remaining position elsewhere within its budget.

Licensing Program

The second quarter statistics continue to reflect an increase in application volume.

Application type	Applications received (2 nd quarter)	Applications received prior report (1 st quarter)	Increase/Decrease
MFT Intern	1003	851	+ 18%
MFT Examination	622	575	+ 8%
ASW	852	507	+ 68%
LCSW Examination	409	385	+ 6%
LEP Examination	25	39	+ 56%
LPCC Intern	75	49	+ 53%
LPCC Examination *	16	23	- 30%

* Traditional path does not include grandparent pathway

The Board's current processing times are noted below. Figures below reflect processing times as of June 30, 2012. The next quarterly report will reflect processing times for Licensed Professional Clinical Counselor Interns.

License type	Current Processing Times	Previous report Processing Times	Increase/Decrease
MFT Intern	25 days	54 days	- 29 days
MFT Examination	126 days	177 days	- 51 days
ASW	40 days	51 days	- 11 days
LCSW Examination	98 days	70 days	- 18 days
LEP Examination	81 days	95 days	-14 days
CE Provider	48 days	105 days	- 57 days

The Board's efforts to reduce the LMFT examination eligibility application backlog resulted in the approval of an additional 217 applications from the last quarter report.

The reduction in staffing within the licensing unit will impact processing times to approve LCSW examination applications. Board management is currently reviewing the LCSW examination approval process to develop a plan that will assist the LCSW evaluator and minimize the impact to applicants.

Examination Program

A total of 2473 examinations were administered in the second quarter. 14 examination development workshops were conducted in April through June.

Administration Program

The cashiering unit is currently processing renewal applications within 6 days of receipt. All other applications are processed within 3 days of receipt.

Enforcement Program

The Enforcement staff received 253 consumer complaints and 323 criminal convictions representing a 45% and 38% increase respectively from the previous quarter. During the second quarter 573 cases were closed and 32 cases were referred to the Attorney General's office for formal discipline.

Enforcement staff continues to meet or exceed the established performance measures (PM) with the exception of PM 4, Formal Discipline. DCA established the performance target for PM 4 at 540 days (18 months). The current quarterly average is 858 days. This performance target is dependent upon the staffing and workload of outside agencies, such as the Attorney General's Office (AG) and the Office of Administrative Hearings.

Customer Satisfaction Survey

The second quarter reflects a slight decrease in overall satisfaction, accessibility, and courtesy. Successful service increased slightly. Since the third quarter in 2011, the Board has observed a decrease in the number of respondents to the Board survey (47%). This trend continues with a 20% decrease in respondents from the previous quarter.

Category	Current Quarter Rating (2 nd Qtr.)	Previous Quarter Rating (1st Qtr.)	Prior Year Rating (2 nd Qtr.)
Overall Satisfaction	2.8	3.0	3.1
Successful Service	49	47	57
Accessibility	2.6	2.8	2.9
Courtesy	3.7	3.8	3.6