



MEMORANDUM

DATE	January 12, 2020
TO	Veterinary Medical Board (Board)
FROM	Timothy Rodda, Administration/Licensing Manager
SUBJECT	Agenda Item 18.B. Administration Report

Staff Update

Board staff continues to work remotely during the COVID-19 epidemic. The Board's cashier continues to be on extended leave that began in July, and staff from the Inspections and Licensing Units have stepped up to help our Board team by temporarily covering the essential position.

On December 30, 2020, Elizabeth Parker-Smith, the Board's administration analyst, retired from state service. Ms. Parker-Smith had been with the Board for nearly 15 years, assisting Board staff, licensees, and applicants during her time, and all will miss her. Recruitment efforts are underway to fill the vacant position.

Budget, Expenditure Projection Report, and Fund Condition

As a result of the substantial increased costs and revenue impacts of the COVID-19 pandemic and unprecedented wildfire activities, the economic impact to the state is unprecedented and expected to last for several years. The Administration needed to take immediate actions to reduce costs and maximize efficiencies to attempt to offset these deficits. The actions included the following:

5% Budget Reduction

On April 30, 2020, the Department of Finance (DOF) released [Budget Letter \(BL\) 20-11](#) (Current Year Expenditure Reductions) that provided direction to limit expenditures and hiring to only those necessary to support core functions, emergency response activities and to assist in maintaining operations in a telecommute environment. Department of Consumer Affairs (DCA) Director Kirchmeyer left it at the Board's discretion on how to implement and achieve cost savings without impacting core functions. No Fiscal Year (FY) 2019-20 authorized budget reduction was required to reflect the savings.

With BL 20-11 still in effect and building on the continuous expenditure saving measures already achieved, DOF released [Budget Letter \(BL\) 20-37](#) on November 3, 2020, which requires each department to realize savings by taking a five percent permanent budget reduction no later than FY 2021-22.

DOF provided additional clarification that the five percent reduction should only come from the Operating Expense and Equipment (OE&E) budget, which means the Board is required to reduce the OE&E budget by \$108,000. Boards were required to submit final

plans to the DCA Budget Office by December 21. After analyzing expenditures from prior years, it was determined the \$108,000 should come from "Travel In State." The Board is budgeted for \$211,000 for travel; however, the Board has historically never come close to expending the full travel budget.

10% Salary Reduction – General Fund Loan

As a result of the COVID-19 Recession, and absent receipt of additional federal funds, reductions in state employee compensation costs were necessary to balance the 2020 Budget Act. At the May 2020 Revision, declining revenues and fiscal uncertainty required difficult budget reductions, including a 10% reduction in employee compensation. Agreements were made with collective bargaining units that initiated a Personal Leave Program (PLP), where employees were given two furlough days to use each month. It was agreed that the PLP would last two years.

On January 8, 2021, the Governor released his proposal for the [2021-22 state budget](#). The Budget Act of 2020 allows DOF to transfer amounts equivalent to the employee compensation reductions achieved through BL 20-33 from each special fund as a loan to the General Fund. As part of this year's budget building process, DOF determined which DCA special funds could afford additional loans to the General Fund. Specifically, DOF determined the Board's fund could afford a \$321,000 loan this fiscal year. In the event the Board needs the funds to prevent insolvency, the loan will be immediately repaid.

After the agreement was made to extend the PLP by two years, the state's revenue picture improved. As such, the Governor is proposing to [restore state employee compensation](#) to June 30, 2020 levels. A final determination will be made in the May Revision and the California State Legislature must approve the budget and an agreement must be reached with the collective bargaining units.

Attached is the most recent Expenditure Projection based on Fiscal Month (FM) 5 (November 2020). Based on these projections, the Board is on track to revert 10.6% of its budget (\$675,680) to the Board Fund. The savings continued due to staff vacancies, reduced cost of travel and hearings postponed by the Office of Administrative Hearings.

The attached Analysis of Board Fund Condition reflects implementation of the Board's Emergency Fee increase in the FY 2019-20 and the May Revise for Budget Year 2020-21, and the General Fund Loan. The Fund is projected to have 5.6 months in reserve this fiscal year. However, Board staff anticipates reserves depleting in future years in order to make the six limited term positions permanent.

A representative from the DCA Budget Office will present the aforementioned budget documents to the Board during the January 28-29, 2021 meeting.

Board Communication (Strategic Plan Objective 3.3)

Board staff have continued to assist stakeholders while working remotely. Additionally, Board staff continue to send monthly email updates to stakeholders.

Board staff have been working with the DCA Office of Public Affairs to develop an instructional video to assist applicants. This video will demonstrate the process of how to submit an initial application in BreEZe to reduce confusion on how to apply and what documentation is required to submit when applying.

Board Website (Strategic Plan Objective 3.2)

The Board's website was updated in early December to reflect the input from Board staff and Board member Jennifer Loreda. The new design has streamlined the information presented and consolidated information to be more easily located.

Administration Customer Survey (Strategic Plan Objective 5.3)

Administration Unit staff have begun utilizing a customer satisfaction survey as part of their signature blocks. To date, there have been seven responses to this survey, mostly indicating difficulty with follow up contact. Board staff will continue to reach out to those assisted to generate more survey results.

Professional Development (Strategic Plan Objective 3.4)

All Administration Unit staff have completed DCA's required training on information security, which reinforces best practices for keeping data secure. This is especially important when telecommuting.

In addition, staff are encouraged to utilize the training courses offered by DCA, SOLID Training Solutions to further their careers.

Diversion Program

The next Diversion Evaluation Committee (DEC) is scheduled for January 25, 2021. The one participant graduated from the program in October 2020. The DEC meets every January/February, June, and October. There are currently no participants in the Diversion Program.

Attachments:

1. Board FY 2020-21 Expenditure Projection Report
2. Analysis of Board Fund Condition, FY 2020-21

VETERINARY MEDICAL BOARD - 0777
BUDGET REPORT
FY 2020-21 EXPENDITURE PROJECTION
FM 5

Based on 12/28 Activity Log

OBJECT DESCRIPTION	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21				
	ACTUAL EXPENDITURES (FM 13)	ACTUAL EXPENDITURES (FM 13)	ACTUAL EXPENDITURES (FM 13)	CY REVISED BUDGET	CURRENT YEAR EXPENDITURES 12/28 Activity Log	PERCENT SPENT	PROJECTIONS TO YEAR END	UNENCUMBERED BALANCE
PERSONNEL SERVICES								
Salary & Wages (Staff)	993,155	1,096,811	1,139,713	1,673,000	524,980	31%	1,426,103	246,897
Statutory Exempt (EO)	101,102	96,744	100,128	82,000	38,909	47%	91,927	(9,927)
Temp Help	35,258	59,132	11,789	33,000	0	0%	33,152	(152)
Board Member Per Diem	10,000	7,600	5,500	14,000	3,000	21%	8,600	5,400
Committee Members (DEC)	3,400	3,700	3,200	11,000	700	6%	3,300	7,700
Overtime	14,081	0	1,296	0	8,313	N/A	8,313	(8,313)
Staff Benefits	669,257	704,660	788,191	1,133,000	365,142	32%	982,989	150,011
TOTALS, PERSONNEL SVC	1,826,253	1,968,647	2,049,817	2,946,000	941,044	32%	2,554,384	391,616
OPERATING EXPENSE AND EQUIPMENT								
General Expense	22,550	20,570	9,148	62,000	5,098	8%	12,235	49,765
Fingerprint Reports	784	5,427	40,524	6,000	13,807	230%	33,137	(27,137)
Printing	32,663	34,509	39,913	41,000	51,679	126%	52,000	(11,000)
Communication	1,963	2,078	1,860	34,000	499	1%	2,000	32,000
Postage	15,228	8,754	0	34,000	0	0%	12,000	22,000
Insurance	43	7,419	53	0	0	N/A	4,500	(4,500)
Travel In State	41,274	20,728	31,238	211,000	328	0%	5,000	206,000
Training	0	4,835	15,140	26,000	0	0%	10,000	16,000
Facilities Operations	126,510	122,816	141,545	174,000	57,412	33%	145,000	29,000
C & P Services - Interdept.	84	90	96	0	0	N/A	0	0
C & P Services - External	99,016	108,680	120,033	147,000	68,000	46%	121,000	26,000
C/P Svcs-External Expert Examiners	179,713	170,671	83,226	31,000	51,273	165%	84,000	(53,000)
DEPARTMENTAL SERVICES (PRO RATA):								
Interagency Services	78,949	106,991	48,964	50,000	16,653	33%	39,967	10,033
Department Pro Rata	863,000	870,000	865,000	991,000	513,000	52%	991,000	0
Division of Investigation	471,998	499,847	406,003	304,000	172,500	57%	304,000	0
INTERAGENCY SERVICES:								
Consolidated Data Center	7,366	2	9,302	34,000	1	0%	9,500	24,500
Information Technology	4,198	672	273	5,000	882	18%	3,500	1,500
ENFORCEMENT:								
Attorney General	837,755	705,366	723,315	932,000	365,669	39%	877,606	54,394
Office Admin. Hearings	123,110	227,750	220,100	134,000	100,205	75%	240,492	(106,492)
Court Reporters	38,620	31,594	34,966	0	16,075	N/A	35,000	(35,000)
Evidence/Witness Fees	122,667	144,355	78,649	163,000	13,936	9%	116,000	47,000
Equipment	6,897	663	49,966	80,000	13,711	17%	80,000	0
TOTALS, OE&E	3,074,388	3,093,995	2,919,314	3,462,000	1,460,728	42%	3,177,937	284,063
TOTAL EXPENSE	4,900,641	5,062,642	4,969,131	6,408,000	2,401,772	37%	5,732,320	675,680
Sched. Reimb. - Fingerprints	(4,225)	(3,055)	(15,288)	(11,000)	(15,075)		(11,000)	0
Sched. Reimb. - Other	(215,789)	(194,368)	(300,284)	(15,000)	(111,800)		(15,000)	0
NET APPROPRIATION	4,680,627	4,865,219	4,653,559	6,382,000	2,274,897	36%	5,706,320	675,680
SURPLUS/(DEFICIT):								10.6%

0777- Veterinary Medical Board
(Dollars in Thousands) 2021-22 Governor's Budget

	PY	CY	BY	BY+1
	2019-20	2020-21	2021-22	2022-23
BEGINNING BALANCE	\$2,047	\$2,946	\$3,420	\$3,598
Prior Year Adjustment	-\$33	\$0	\$0	\$0
Adjusted Beginning Balance	\$2,014	\$2,946	\$3,420	\$3,598
REVENUES, TRANSFERS AND OTHER ADJUSTMENTS				
Revenues				
4129200 - Other regulatory fees	\$56	\$51	\$50	\$50
4129400 - Other regulatory licenses and permits	\$1,364	\$1,760	\$1,766	\$1,766
4127400 - Renewal fees	\$4,344	\$5,615	\$5,615	\$5,615
4121200 - Delinquent fees	\$29	\$36	\$36	\$36
4143500 - Miscellaneous services to the public	\$1	\$0	\$0	\$0
4163000 - Income from surplus money investments	\$53	\$49	\$49	\$53
4171400 - Escheat of unclaimed checks and warrants	\$5	\$4	\$4	\$4
4173500 - Settlements and Judgments - Other	\$0	\$3	\$0	\$0
Totals, Revenues	\$5,852	\$7,518	\$7,520	\$7,524
General Fund Transfers and Other Adjustments				
Loan to General Fund (0001) per Control Section 3.92, per Budget Act of 2020	\$0	-\$321	\$0	\$0
TOTALS, REVENUES, TRANSFERS AND OTHER ADJUSTMENTS	\$5,852	\$7,197	\$7,520	\$7,524
TOTAL RESOURCES	\$7,866	\$10,143	\$10,940	\$11,122
EXPENDITURES AND EXPENDITURE ADJUSTMENTS	PY	CY	BY	BY+1
	2019-20	2020-21	2021-22	2022-23
Expenditures:				
1111 Program Expenditures (State Operations)	\$4,565	\$6,382	\$6,883	\$7,089
9892 Supplemental Pension Payments (State Operations)	\$80	\$80	\$80	\$80
9900 Statewide Pro Rata	\$275	\$261	\$379	\$379
TOTALS, EXPENDITURES AND EXPENDITURE ADJUSTMENTS	\$4,920	\$6,723	\$7,342	\$7,548
FUND BALANCE				
Reserve for economic uncertainties	\$2,946	\$3,420	\$3,598	\$3,574
Months in Reserve	5.3	5.6	5.7	5.5

NOTES:

Assumes workload and revenue projections are realized in BY, BY+1 and ongoing.
Expenditure growth projected at 3% beginning BY +1

Expenditure growth projected at 6% beginning FY 11.
CY revenue and expenditures are Budget Act amounts.