

**STATE OF CALIFORNIA – DEPARTMENT OF CONSUMER AFFAIRS
CALIFORNIA ARCHITECTS BOARD
INITIAL STATEMENT OF REASONS**

Hearing Date: January 11, 2010

Subject Matter of Proposed Regulations: Fees

Section Affected: Title 16, California Code of Regulations, Sections 144

Specific Purpose of the Regulation

§ 144 – Fees

The existing regulation sets forth fees fixed by the California Architects Board (Board) for architect licensees and applicants. This proposal would: 1) amend the biennial license renewal and original license fees for architects from \$200 to \$350; and 2) amend the license renewal delinquency fee from \$50 to \$100. The specific purpose of this proposal is to enable the Board to maintain a required fund balance that meets levels recommended by State and Consumer Services Agency (Agency) and the Department of Finance (DOF). An adequate and stable fund balance is essential in order to provide services to consumers, licensees, and licensing examination applicants.

Factual Basis/Rationale

The Board is mandated to protect the public health, safety, and welfare. And, like all regulatory programs under the Department of Consumer Affairs (DCA), the Board is a special fund agency and therefore relies exclusively on fees paid by licensees and licensing examination applicants in order to operate. Currently, the Board's projected fund condition report demonstrates that operational costs will start exceeding the total annual amount it collects in fees in Fiscal Year (FY) 2010-11. This projected fund condition report takes into account recently passed legislation, Senate Bill (SB) 1608 (Corbett) [Chapter 549, Statutes of 2008], which created a continuing education requirement (as a condition for license renewal) and additional workload for the Board. The Board, like all agencies, has contended with normal workload growth and increases in the cost of doing business. Therefore, unless fees are increased, the Board will not be able to continue providing required services to consumers, licensees, and licensing examination applicants.

Board staff has also identified the following that justify a fee increase:

- The DCA Budget Office has informed Board staff that other alternatives, i.e., departmental loans or other resources, are not available; if any borrowing is to take place in the coming year, it will be by the DOF for the General Fund.
- A fund balance that meets levels recommended by Agency and the DOF (i.e., three to six months reserve) is required.
- The Board must continue to provide timely and effective services to consumers that seek assistance, as well as licensees and licensing examination applicants.
- Traditional workload growth is ongoing and projected at 2% each fiscal year.

- Increased cost of doing business (equipment, maintenance, rent, salaries, benefits, postage, etc.).
- Not acting now will mean that the Board would have to cut crucial services, such as enforcement, examinations, or education for the profession to prevent violations. This is simply not acceptable if the Board is to fulfill its statutory mandate of protecting consumers.

It should be noted that the Board has had a strong tradition of frugality, staying within its budget, and maintaining conservative expenditures. The Board has not increased the license renewal fee in the last 20 years. Although the Board was facing a possible fee increase in the near future prior to SB 1608, passage of the bill presented the Board with a more immediate need to take action in order to make necessary adjustments to its budget and maintain an appropriate fund balance.

In addition to the need for a possible fee increase, it was also noted by staff that:

- According to the Bureau of Labor Statistics inflation calculator, a \$200 fee in 1989 (the year in which legislation was last passed to increase the statutory fee maximum) would be equivalent to a \$347 fee today.
- Other licensing jurisdictions currently charge the following biennial license renewal fees: Texas – \$620 (\$800 for out-of-state architects); Idaho - \$400; Guam - \$400; Nevada - \$300; and New Mexico - \$225 (\$325 for out-of-state architects).
- The cost of renewing a biennial license for landscape architects in California increased from \$300 to \$400 on July 1, 2009.
- The Board has conducted two public meetings (March and September 2009) and received no opposition to a fee increase.
- The American Institute of Architects, California Council (AIACC) supports the fee increase in order to maintain CAB services of consumer protection.

Underlying Data

The Board relied on the following document in its proposal:

1. DCA Budget Office Analysis of Fund Condition dated August 2009

Business Impact

The proposed regulatory action will not have a significant adverse economic impact directly affecting business, including the ability of California businesses to compete with business in other states, because it affects only licensees.

Specific Technologies or Equipment

This proposed regulatory action does not mandate the use of specific technologies or equipment.

Consideration of Alternatives

No reasonable alternative to the regulation would be either more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private person than the proposed regulations.