

**STATE OF CALIFORNIA – DEPARTMENT OF CONSUMER AFFAIRS**  
**CALIFORNIA ARCHITECTS BOARD**  
**AMENDED INITIAL STATEMENT OF REASONS**  
**(amended changes are *italicized*)**

Hearing Date: January 12, 2010

Subject Matter of Proposed Regulations: Fees

Section Affected: Title 16, California Code of Regulations, section 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 \$300; 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 *four* public meetings (March, September, *December 2009 and March 2010*) 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.

*The Board received new, updated fund information, which enabled the Board to re-evaluate and analyze the extent of the fee increases that are needed in order to maintain fund solvency. Multiple fee scenarios were analyzed, including a tiered increase over a given period, but only a single \$100 increase was projected to keep the Board's fund solvent. The Board also considered other factors in evaluating the fee increases such as the economic climate, feedback from the licensees, and the affect it would have on the profession, and at its March 18, 2010 meeting, approved the modified text to reduce the proposed biennial renewal fee language from \$350 to \$300 (a \$100 increase instead of a \$150 increase).*

### **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.