

**TITLE 16. BOARD OF PSYCHOLOGY
DEPARTMENT OF CONSUMER AFFAIRS**

INITIAL STATEMENT OF REASONS

HEARING DATE: February 17, 2022

SUBJECT MATTER OF PROPOSED REGULATION(S): Fees

SECTION(S) AFFECTED: California Code of Regulations (CCR), Title 16, California Code of Regulations (CCR) Section 1392 and 1392.1

Background:

The Board of Psychology (Board) regulates licensed psychologists, registered psychological assistants, and registered psychologists, all of whom are entitled to provide psychological services in California. California Business and Professions Code (BPC) section 2920.1 states that protection of the public shall be the highest priority for the Board in exercising its licensing, regulatory, and disciplinary functions. Section 2930 of the Code authorizes the Board to adopt regulations as may be necessary to enable the Board to effectuate the Psychology Licensing Law.

Business and Professions Code (BPC) section 2930 authorizes the Board to adopt rules and regulations as are reasonably necessary to carry out the provisions of the Psychology Licensing Law. BPC section 2989 authorizes the Board to set fees by regulation to be deposited in the Psychology Fund (Fund) and made available to the Board upon appropriation by the Legislature. BPC 2987 sets forth the minimum and maximum fee ranges for application, examination, initial licensure and renewal for psychologists, registration and renewal for psychological assistants, delinquency fee, and other miscellaneous fees.

The Board's highest priority is consumer protection, and it achieves this important priority by regulating the practice of psychology through policies that promote the health, safety, and general welfare of the public in matters relating to psychological services. This includes ensuring applicants meet experience requirements for licensure, investigating complaints against applicants and licensees, and disciplining violators of the Psychology Licensing Law.

Problem Being Addressed / Purpose of the Amendment:

Fees have not been increased since 1992. The Board is a special fund entity, funded entirely by license fees and disciplinary action assessments, and has historically maintained a healthy fund balance reserve. However, increased operational costs, including enforcement-related costs, have increased in recent years, which has caused the Board's fund to become structurally imbalanced with projected revenues less than

expenditures.

This structural imbalance is primarily due to an increase in costs related to the operations of the Board and notably an increase in enforcement-related costs including, Attorney General and Office of Administrative Law costs related to disciplinary actions.

The Board is currently projected to become insolvent in 2023/24. Additionally, the Board is projected to nearly fully expend its appropriation in 2021/22 and in future years. As a result, the Board can no longer redirect resources from other program areas to fund these costs.

This proposal is necessary to help ensure the Board has sufficient resources to maintain the highest priority of consumer safety and protection and recover costs for administration and enforcement of the Psychology Licensing Law. The structural imbalance the Board is experiencing has been identified at every Board meeting over the last five years. The Board began discussions regarding raising fees at its February 2021 meeting and took steps to begin the process of increasing fees at its May 2021 meeting.

Specific Purpose of Each Amendment and Factual Basis / Rationale:

The Board has not had a fee increase since 1992 and has a structural imbalance, which will lead to insolvency in 2023/24.

The proposed regulations would increase all of the Board's license and application fees to the statutory maximums, which will help to alleviate the Board's structural imbalance and help recover costs for services provided to applicants. The Board has conducted a Cost Study to justify the increase to the application fees (see Underlying Data).

Specifically, the Board is proposing the following changes to increase fees to their statutory limits:

Section 1392 (a) – Application Fee for a psychologist

This proposal amends section 1392(a) to increase the application fee from \$40 to \$50.

BPC 2987 (a) states: The application fee for a psychologist shall not be more than fifty dollars (\$50).

Section 1392 (b) - California Psychology Laws and Ethics Examination (CPLEE):

This proposal amends section 1392(b) as it relates to the California Psychology Law and Ethics Exam Fee (CPLEE) and raises the fee from \$129 to \$235.

The current cost charged to candidates of the California Psychology Laws and Ethics

Examination (CPLEE) is \$129 per candidate. The CPLEE examination fee is intended to cover the cost to the Board for the development and administration of the CPLEE.

BPC 2987 (b) states:

The examination and reexamination fees for the examinations shall be the actual cost to the board of developing, purchasing, and grading of each examination, plus the actual cost to the board of administering each examination.

The exam fee was established in October 22, 1998. In 2015, the Board increased the development and administration of the CPLEE from two to four times per year (January, April, July, and October), allowing candidates the ability to re-take the CPLEE more frequently, if needed. All these innovative changes were implemented without any increase to the cost of the examination fee.

Between 2015 and 2019, a fee increase for this exam was not possible due to the substantial budgetary reversion the Board experienced at the end of each fiscal year. However, beginning fiscal year 2019-2020, the Board no longer had a substantial budgetary reversion to rely on. With the anticipated 10% PSI Services, LLC (PSI) fee increase, staff conducted an analysis of the current costs for developing and administering the CPLEE versus the fee charged to examination candidates. The analysis demonstrated a need to increase the CPLEE examination fee to cover the cost of maintaining the CPLEE.

Below is the average cost breakdown currently absorbed by the Board within its existing budget.

Total Average Exam Cost:	\$273,500
Total amount reimbursed by applicant:	\$152,177
Difference absorbed by the Board:	\$121,323

As approved by the Board, the fee is proposed to be set at \$235 per candidate. The average cost breakdown will be as follows:

Total Average Exam Cost:	\$ 273,500
Total Amount Reimbursed by Applicant:	\$ 273,500
Difference (money unspent/excess):	\$ 0

Section 1392 (d)– Initial and Biennial renewal Fees for a psychologist

This proposal amends section 1392(d) to increase the initial license fee and the biennial renewal fee for a psychologist from \$400 to \$500.

These increases raise the fees to their statutory limits. BPC 2987 states:

- (c) The initial license fee is an amount equal to the renewal fee in effect on the last regular renewal date before the date on which the license is issued.
- (d) The biennial renewal fee for a psychologist shall be four hundred dollars (\$400). The board may increase the renewal fee to an amount not to exceed five hundred dollars (\$500).

Table 1. Fee Schedule for 1392

CCR Section 1392	Current Fee	Proposed Fee	Increase Amount
Psychologist – Initial Application	\$40	\$50	\$10
California Psychology and Ethics Exam (CPLÉE) Fee	\$129	\$232	\$103
Psychologist - Initial License	\$400	\$500	\$100
Psychologist – Biennial License Renewal	\$400	\$500	\$100

Section 1392.1 – Psychological Assistant Fees

This proposal amends section 1392.1(a) to increase the application fee for registration of a psychological assistant from \$40 to \$75.

This proposal amends section 1329.1(b) to increase the annual renewal fee for registration as a psychological assistant from \$49 to \$75.

This proposal amends section 1392.1(c) to increase the delinquency fee for a psychological assistant from \$20 to \$37.50, which is calculated below. Delinquency fees are set according to Section 2987 at 50 percent of the applicable renewal fee amount.

These are based upon the statutory maximums in BPC 2987:

- (e) The application fee for registration as a psychological assistant under Section 2913 shall not be more than seventy-five dollars (\$75).
- (f) The annual renewal fee for registration of a psychological assistant shall not be more than seventy-five dollars (\$75).
- ...
- (h) The delinquency fee is 50 percent of the renewal fee for each license type, not to exceed one hundred fifty dollars (\$150).

Although the Cost Study indicates that the application fee costs more to process, the statutory maximum is the greatest the Board can currently charge. As the renewal is currently set at \$40, the delinquency of 50 percent is currently \$20. By amending the renewal fee to \$75, the delinquency of 50 percent would be \$37.50.

Table 2. Fee Schedule for 1392.1

CCR Section 1392.1 Psychological Assistant -	Current Fee	Proposed Fee	Increase Amount
Registration Application	\$40	\$75	\$35
Annual Renewal Registration	\$40	\$75	\$35
Delinquent License Renewal	\$20	\$37.50	\$17.50

This regulatory proposal also adds BPC sections 2987 and 2989 to the authority cited section of the text, consistent with regulatory section 1392.

Anticipated Benefits from this Regulatory Action:

The proposed amendments to the Board’s fee schedule will help to reduce the Board’s structural budget imbalance, recover costs, and allow the Board an extra year before insolvency, which allows the Board enough time to seek authority to increase statutory fee levels to completely eliminate the structural imbalance.

The Board has historically been able to operate within its existing budget. However, due primarily to recent increased enforcement-related workload and costs, the Board Members began considering options to stabilize the Board budget in 2020/21 and voted unanimously to approve the proposed regulations at its May 21, 2021, board meeting.

The proposed fee increases will help to reduce the structural imbalance and help the Board to recover its administrative costs to ensure the Board has funds to carry out its consumer protection mandate.

Immediate action to increase the regulatory fees collected by the Board is required. The fee increases will bolster the Board’s revenues and funding available to continue the Board’s daily functions, enforcement, and licensing operations without interruption.

If this regulatory proposal is not adopted, the Board may need to restrict its core operations, including slowing its ability to process applications, restricting investigations, and limiting the Board’s ability to adjudicate violations of the Psychology Licensing Law in an expedient manner.

These restrictions to the operational functions of the Board could result in licensing backlogs and compromise the Board’s ability to achieve its mission and statutory mandate of consumer protection.

Underlying Data

- February 18-19, 2021 Board meeting minutes
- February 18-19, 2021 CPLEE Fee Board Memo
- Psychology Fund Condition Analysis
- May 21, 2021 Board Meeting Fee Change Memo Analysis
- May 21, 2021 Board Meeting Fee History Table and Bar Charts
- May 21, 2021 Board Meeting Minutes
- Application for Licensure/Registration Cost Study (October 2021)

Business Impact

This regulation may have an economic impact on businesses, specifically, the Board's licensees and applicants. The regulation would increase fees for initial licenses for psychologists, psychologist applications, psychological assistant registration applications; renewals of psychologist licenses and psychological assistants registrations; the psychological assistant delinquency fee; and the fees for California Psychology Laws and Ethics Exam (CPLEE). To the extent these applicants apply for licensure or licensees opt to renew their licenses and registrations, the proposed regulations will impact them as described below:

Table 3. Cost Impact – Applicant, License, and Exam Population

CCR Section 1392	Annual Population	Increase Amount	Annual Cost Increase
Psychologist – Initial Application	1,487	\$10	14,870
California Psychology and Ethics Exam (CPLEE) Fee	1,180	\$103	121,540
Psychologist - Initial License	880	\$100	88,000
Psychologist – Biennial License Renewal	8,418	\$100	841,800
CCR Section 1392.1			
Psychological Assistant - Registration Application	771	\$35	26,985
Psychological Assistant - Annual Renewal Registration	863	\$35	30,205
Psychological Assistant - Delinquent License Renewal	53	\$17.50	928
Total:			\$1,124,328

Although the regulation has an economic impact, the impact is not anticipated to be a significant statewide adverse economic impact directly affecting businesses, including the ability to compete with other businesses in California, because the fee increases are considered to be very minor compared to the income of most applicants, licensees and

registrants.

Economic Impact Assessment

This regulatory proposal is needed to increase the fees it collects per BPC section 2989.

- It will not result in the creation of new jobs or elimination of jobs within the State of California because the proposed fees are anticipated to have minimal impact on businesses because the incremental fee increase is negligible compared to the average salary of licensees.
- It will not result in the creation of new businesses or elimination of businesses within the State of California because the proposed fees are anticipated to have minimal impact on businesses because the incremental fee increase is negligible compared to the average salary of licensees.
- It will not affect the expansion of businesses currently doing business within the State of California because the proposed fees are anticipated to have minimal impact on businesses because the incremental fee increase is negligible compared to the average salary of licensees.
- It will benefit the health and welfare of California residents because the proposal will increase the Board's revenue and funding available to continue uninterrupted the Board's enforcement, investigative, licensing, examination, and public outreach operations.
- This regulatory proposal does not affect worker safety or the environment because the proposed regulations are not relative to workers' safety or the environment. This regulatory proposal focuses on an increase in fee schedules to help to reduce the Board's current structural imbalance and does not affect worker safety or the state's environment.

Specific annual applicant and licensee cost impacts ongoing are shown in Table 3, above.

Specific Technologies or Equipment

These regulations do not mandate the use of specific technologies or equipment.

Consideration of Alternatives

The Board has initially determined that no reasonable alternative to the regulatory proposal would be more effective in carrying out the purpose for which the regulation is proposed, would be as effective and less burdensome to affected private persons than the adopted regulation, or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

No alternatives were considered because the Board's Fund will become insolvent in the near future without a fee increase. If the Board reduces its annual expenditures to mitigate the structural fund imbalance, the Board would be forced to cut mission critical functions, which will jeopardize the public health, safety, and welfare of California consumers.