



**REVISED MEMORANDUM**

<b>DATE</b>	May 3, 2013
<b>TO</b>	DHCC Committee Members
<b>FROM</b>	Tony Lum, Administrative Analyst
<b>SUBJECT</b>	<b>Agenda Item 7 - Discuss and Possible Action on Increase of RDH License Renewal Fees</b>

**Background**

The Committee has been very frugal and accountable for its resources and expenses since its inception in 2009. With all of the additional expenditures the Committee has absorbed over the past four years and the increased cost of doing business, the fund's reserve was gradually drained over this time period.

After a review of the Committee's Fund Condition, it is anticipated that there is a threat of insolvency by fiscal year (FY) 2014-15; however, the fund is projected to have a very low reserve balance starting next year (FY 2013-14). In order to avoid a low fund reserve and potential insolvency, additional revenue sources must be identified and collected immediately to increase the fund's reserve to acceptable levels (which is currently a minimum 3-6 month reserve). Although there were new fee categories approved at the December 2012 meeting (i.e., special permits, mobile dental hygiene clinics, extramural clinical facilities, etc.), those fees will not generate enough revenue to increase and sustain the fund's reserve balance.

With possible future legislative mandates and Committee goals and objectives requiring more resources and staff, and with the decline in revenue from examinations, the Committee cannot afford any new expenditure unless the fund reserve is healthy. Additional revenue will help deter insolvency of the Committee's fund and boost the reserve should there be a need for added expenditure authority in the future.

Committee staff has identified a single source of additional revenue ~~that consists of three (3) linked fees\*~~ which are:

- 1) The Registered Dental Hygienist (RDH) Biennial License Renewal Fee (currently \$80)
- 2) ~~The RDH Delinquency Fee for late license renewals (currently 1/2 of the renewal fee); and~~
- 3) ~~The written Initial Fictitious Name Permit (FNP) fee issued to RDHAPs upon application to the Committee to practice dental hygiene under a different name (currently equal to the renewal fee)~~

The RDH Biennial License Renewal Fee is targeted because it is the main source of revenue for the Committee. This fee has not been increased since the genesis of the Committee in 2009.

**CORRECTION** – Subsequent research has found that the two additional fees recommended above (RDH Delinquency Fee and FNP) are not directly linked to the RDH License Renewal Fee and must be addressed separately at a later date by the Committee, if needed. At this time, increasing these two fees would have a minimal impact on maintaining fund solvency.

### **Committee Action Requested**

- Committee staff recommends an increase to the RDH License Renewal Fee by \$60.00 (to \$140.00) biennially by resolution. ~~and the associated fees (delinquency and Initial FNP) accordingly by resolution.~~ The new fee will be implemented as of July 1, 2013, to immediately increase the Committee's revenue and fund balance to avoid insolvency. ~~These~~ The fee recommendation is projected to sustain the fund for three to five (3 to 5) years at an acceptable level depending upon whether any new mandates or additional expenditures arise.

As a comparison, some other State's RDH Renewal Fees are: Nevada \$300 (biennial); Arizona \$300 (triennial); and Oregon \$155 (biennial)

\*The RDH Delinquency Fee and Initial FNPs fee have specific language in the Business and Professions Code that tie directly to the rate of the RDH license renewal fee and automatically changes correspondingly with the renewal fee.