



DATE	November 1, 2025
TO	Board Members
FROM	Elaine Yamaguchi Executive Officer
SUBJECT	Update and Possible Action: Revenue Study

SUMMARY

The purpose of this memo is to provide an update on the process to contract for an in-depth revenue study to determine whether any adjustments in the Board's fees are necessary to reflect the actual cost of providing services and to provide support for any proposed changes to the Board's fee structure.

BACKGROUND

At the August 2025 meeting, Assistant Executive Officer Mark Ito reported that Board staff is recommending the Board consider a revenue fee audit and study to determine whether any adjustments to the Board's fees are necessary to reflect the actual cost of providing services. He provided a summary of the memo in the meeting materials.

Mr. Ito summarized the following recommendations to the Board:

1. Authorize the Board's Executive Officer (EO) to begin the planning and development of a Request for Proposal (RFP) and Scope of Work for a fee study.
2. Authorize the EO to research and execute a plan to release and distribute the RFP no later than January 2026.
3. Appoint a Review Committee or delegate the review process to the Executive Committee.
4. Authorize the EO to begin preparing a Budget Change Proposal and consult with the DCA Budget Office and Legal Counsel.
5. Authorize the EO to negotiate with selected contractor.
6. Direct the EO and Board staff to assemble data for the contractor and provide updates to the Executive Committee.
7. Prepare and present the fee study to the Board for possible action at a future Board Meeting.
8. Authorize the EO to draft bill language and narrative for the 2028 Sunset Report.

These recommendations were approved unanimously by the Board.

STATUS REPORT

The first two recommendations are in progress, with updates as follows.:

- The EO reviewed a similar study commissioned by the Bureau for Private Postsecondary Education (BPPE) that was released in January 2024 and discussed the study with the BPPE Chief.
- Discussion with the Department of Consumer Affairs contract management office for guidance as to format and process.
- Input from Board President Carel Mountain and Board Member Reem Olaby, whose expertise with university-level research provided some insight and feedback on the Scope of Work.
- Initial research on university-level research opportunities.
- Discussions with consultants in project management, governmental affairs, and organizational development fields to assess interest.
- Scope of work drafted.

RECOMMENDATION

Staff recommends that the Board:

1. Review and approve the draft Scope of Work (attached)
2. Direct EO and AEO to work with DCA on possible budget change proposal
3. Delegate interim authority to Executive Committee to determine how to call for proposals and set a tentative schedule.

EXHIBIT A

SCOPE OF WORK

I. PURPOSE

Contractor (Contractor) agrees to provide to the Department of Consumer Affairs (DCA), Program, Service Description as described herein.

II. LOCATION AND SCHEDULE

The services shall be performed at the Name of Location of Services, located at, Address of location of services.

The services shall be held during normal working hours of 8:00 AM to 5:00 PM, Monday through Friday, except holidays.

III. CONTACTS

DCA Technical Contact(s)

Board of Vocational Nursing and
Psychiatric Technicians
Elaine Yamaguchi
279-225-8071
Elaine.yamaguchi@dca.ca.gov
2535 Capitol Oaks Drive, Suite 205
Sacramento, CA 95833

DCA Administrative Contact(s)

Business Services Office
Contract Analyst
Analyst Phone
Analyst Email
1625 N. Market Blvd., S103
Sacramento, CA 95835

Contractor Technical Contact(s)

Contractor Tech Contact
Contractor Tech Phone
Contractor Tech Email
Contractor Tech Address
Contractor Tech City State Zip

Contractor Administrative Contact(s)

Contractor Admin Contact
Contractor Admin Phone
Contractor Admin Email
Contractor Admin Address
Contractor Admin City State Zip

IV. CONTRACTOR RESPONSIBILITIES

Scope of Work Summary

The California Board of Vocational Nursing and Psychiatric Technicians (Board or BVNPT) is a self-funded regulatory board that serves and protects the public by licensing qualified and competent vocational nurses (VNs) and psychiatric technicians (PTs) through ongoing educational oversight, regulation, and enforcement. Public protection is the highest priority of the Board in exercising its

licensing, regulatory and disciplinary functions. The BVNPT is part of the Department of Consumer Affairs (DCA).

The Board's next Sunset Report will be due to the Legislature at the end of calendar year 2027, and the hearing will be in early 2028. The Board hopes to codify a new fee structure that balances the cost of providing services to the fees assessed by the Board. To that end, the Board seeks an in-depth study to provide the necessary information and analysis to propose a sustainable and equitable revenue structure.

The Board's 2025-26 operating budget is \$18M. In 2022-23, the Board had a reserve for economic uncertainties equaling about 4.9 months of costs. By 2024-25, the reserve for economic uncertainties grew to approximately 13.5 months.

The Board's fund is strong; the reserve will most likely reach 24 months of costs within the 2025-26 fiscal year. While this structure is essentially sustainable, it is not equitable.

Assembly Bill (AB) 1536 (Chapter 632, Assembly Committee on Business and Professions, Statutes of 2021) authorized the Board to begin charging schools for the work associated with approving new programs and continuing program approval. These initial fees were modest, yielding between 25-30% of the amount needed to operate the Education Division, which is responsible for reviewing new VN and PT programs and continuing approval of these programs. At that time, the Board was also approaching insolvency and was forced to increase all the other fees to statutory limits via regulatory action.

The study will evaluate:

- Cost analysis by division and programs
- Staffing and Process analysis
- Potential efficiency improvements and process automation
- Potential growth trends for new VN and PT schools
- Potential growth trends for continuing programs
- Future licensing volume trends and workload projections
- Possible Investigation and Enforcement trends
- Consequences of inaction (no fee or staffing changes)
- Revenue modeling scenarios (status quo, equity-aligned, growth-based)
- Policy recommendations for Sunset Review

DELIVERABLES

If the Contract is enacted and effective on July 1, 2026:

First Deliverable: October 15, 2026 (35%)

- Cost analysis by division and programs
- Staffing and Process analysis
- Potential efficiency improvements and process automation

Second Deliverable: January 15, 2027 (25%)

- Potential growth trends for new VN and PT schools
- Potential growth trends for continuing programs
- Future licensing volume trends and workload projections
- Possible Investigation and Enforcement trends

Third Deliverable: (April 15, 2027 (20%))

- Consequences of inaction (no fee/staffing changes)
- Revenue modeling scenarios (status quo, equity-aligned, growth-based)
- Policy recommendations for Sunset Review

Final Report and Presentation to Board: May 15, 2027 (20%)

EXHIBIT B

BUDGET DETAIL AND PAYMENT PROVISIONS

I. INVOICING AND PAYMENT

For services satisfactorily rendered and upon receipt and approval of the invoices, the State agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates specified herein, which is attached hereto and made a part of this Agreement.

Itemized invoices shall include the Agreement Number and be submitted not more frequently than quarterly/monthly in arrears to APInvoices@dca.ca.gov or mail to:

Department of Consumer Affairs
Accounts Payable
Agreement Number: **Contract ID**
P.O. Box 980518
West Sacramento, CA 95798-0518

II. BUDGET CONTINGENCY CLAUSE

It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either: cancel this Agreement with no liability occurring to the State or offer an Agreement Amendment to Contractor to reflect the reduced amount.

III. PROMPT PAYMENT CLAUSE

Payment will be made in accordance with and within the time specified in Government Code, Chapter 4.5 (commencing with Section 927).

IV. **TAXES**

The State of California is exempt from Federal Excise Taxes, and no payment shall be made for any taxes levied on employees' wages. DCA shall pay for any applicable State of California or local sales or use taxes on the services rendered or equipment or parts supplied pursuant to this agreement. California may pay any applicable sales or use tax imposed by another state.

VENDOR COST WORKSHEET

Description	Rate	Quantity/Frequency	Total
Total Contract Amount			

DRAFT

EXHIBIT D

SPECIAL TERMS AND CONDITIONS

I. LIABILITY FOR NONCONFORMING WORK

The Contractor will be fully responsible for ensuring that the completed work conforms to the agreed upon terms. If nonconformity is discovered prior to the Contractor's deadline, the Contractor will be given a reasonable opportunity to cure the nonconformity. If the nonconformity is discovered after the deadline for the completion of project, the State, in its sole discretion, may use any reasonable means to cure the nonconformity. The Contractor shall be responsible for reimbursing the State for any additional expenses incurred to cure and cover such defects.

II. SETTLEMENT OF DISPUTES

In the event of a dispute, Contractor shall file a "Notice of Dispute" with Department of Consumer Affairs, Director or his/her designee within ten (10) days of discovery of the problem. Within ten (10) days, the Director or his/her designee shall meet with the Contractor and Project Manager for purposes of resolving the dispute. The decision of the Director or his/her designee shall be final. In the event of a dispute, the language contained within this agreement shall prevail over any other language including that of the bid proposal.

III. AGENCY LIABILITY

The Contractor warrants by execution of this Agreement, that no person or selling agency has been employed or retained to solicit or secure this Agreement upon agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the State shall, in addition to other remedies provided by law, have the right to annul this Agreement without liability, paying only for the value of the work actually performed, or otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.

IV. IMPRACTICABILITY OF PERFORMANCE

This Contract may be suspended or cancelled, without notice at the option of the Contractor, if the Contractor's or State's premises or equipment is destroyed by fire or other catastrophe, or so substantially damaged that it is impractical to continue service, or in the event the Contractor is unable to render service as a result of any action by any governmental authority.

V. LICENSES AND PERMITS

The Contractor shall be an individual or firm licensed to do business in California and shall obtain at his/her expense all license(s) and permit(s) required by law for accomplishing any work required in connection with this Agreement.

In the event the Contractor fails to keep in effect at all times all required license(s) and permit (s), the State may, in addition to other remedies it may have, terminate this Contract upon occurrence of such event.

VI. HEALTH AND SAFETY:

Contractors are required to, at their own expense, comply with all applicable health and safety laws and regulations. Upon notice, contractors are also required to comply with the state agency's specific health and safety requirements and policies. Contractors agree to include in any subcontract related to performance of this Agreement, a requirement that the subcontractor comply with all applicable health and safety laws and regulations, and upon notice, the state agency's specific health and safety requirements and policies.

VII. AMENDMENTS:

DCA reserves the right to amend this Agreement allowable by State Contracting Manual, Volume 1, Chapter 5, section 5.81. An amendment is of no force or effect until signed by both parties and, if required, approved by the Department of General Services.

EXHIBIT E

ADDITIONAL TERMS AND CONDITIONS

I. RIGHT TO TERMINATE:

The State reserves the right to terminate this Agreement subject to 30 days written notice to the Contractor. The Contractor may submit a written request to terminate this Agreement only if the State should substantially fail to perform its responsibilities as provided herein.

However, this Agreement can be immediately terminated for cause. The term "for cause" shall mean that the Contractor fails to meet the terms, conditions, and/or responsibilities of this Agreement. In this instance, the agreement termination shall be effective as of the date indicated on the State's notification to the Contractor.

II. LIABILITY FOR LOSS AND DAMAGES:

Any damages by the Contractor to the State's facility including equipment, furniture, materials or other State property will be repaired or replaced by the Contractor to the satisfaction of the State at no cost to the State. The State may, at its option, repair any such damage and deduct the cost thereof from any sum due Contractor under this Agreement.

III. CONFIDENTIALITY OF DATA:

No reports, information, inventions, improvements, discoveries, or data obtained, repaired, assembled, or developed by the Contractor pursuant to this Agreement shall be released, published, or made available to any person (except to the State) without prior written approval from the State.

The contractor by acceptance of this Agreement is subject to all of the requirements of California Civil Code Sections 1798, et seq., regarding the collections, maintenance, and disclosure of personal and confidential information about individuals.

IV. POTENTIAL SUBCONTRACTORS:

Nothing contained in this Agreement or otherwise shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of its responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an obligation independent from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any moneys to any subcontractor.

V. GOODS AND SERVICES:

The State reserves the rights to inspect, reject, and/or accept all goods and services provided within this agreement.

VI. EXECUTIVE ORDER N-6-22 – RUSSIA SANCTIONS:

On March 4, 2022, Governor Gavin Newsom issued Executive Order [N-6-22](#) (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that shall be grounds for termination of this agreement. The State shall provide Contractor advance written notice of such termination, allowing Contractor at least 30 calendar days to provide a written response. Termination shall be at the sole discretion of the State.