

Recap of the Stakeholder Conference Calls (June – July 2018) **Re: BVNPT School Fees**

1. What is the background surrounding the need for a fee increase?

The Board has not had a legislative fee increase in over 10 years and should have proposed a fee increase several years ago. Unfortunately, the Board's transitions and changes in management greatly hindered it from performing a fee study, developing a plan and structure, and working with the Department of Consumer Affairs (DCA) and the Legislature to sponsor a bill. The Board commissioned a fee study from an independent contractor and received a report in October 2016. Unfortunately, the fee studies the contractor performed used inaccurate data elements and came up with incomplete and inaccurate assumptions. Board staff, working in conjunction with the DCA's Budget Office came up with a more accurate and complete study.

Regarding the proposed Educational Fees, Board staff identified each function the Nursing Education Consultants (NECs) perform for schools, performed a time study on each task, applied a cost factor, and came up with a dollar amount for each function. The staff then applied an average bottom line to achieve a range for the proposed fees.

SB 1480 (Hill) is an omnibus bill, containing statutory updates for several DCA Boards. The Board's proposed language to increase fees for the Board's applicants, licensees, and providers is currently contained within this bill. The Board originally requested language to establish fees for the schools as well, but Senator Hill's office requested the Board engage in stakeholder outreach before they considered inserting the school fee language in SB 1480.

The Board's current funding structure only charges applicant, licensee, and provider fees but does not assess fees to schools for the nurse education consulting services. The Board determined that the current structure was not equitable and that the costs should be spread out more fairly.

2. What is the effective date of the new Fees?

For the Board's applicant, licensee, and provider fees, the new fees will take effect on January 1, 2019, assuming the legislation is enacted. SB 1480 does not currently contain language to create the new fees for schools, and as the 2018 Legislative year ends on August 31st, the Board is analyzing its options. If the school fee language is added to the bill before the end of session, the Board will communicate with the stakeholders and other affected entities as quickly as possible.

3. Is it possible to delay implementation of the school fees?

Yes. Since the school fee language is not currently in SB 1480, it is likely the school fee language will be put into legislation next year, and could have a July 1, 2020 implementation date, or possibly even later.

4. How will the schools benefit from the new fees?

Implementation of the school fees ensures the financial viability of the Board, which in turn allows the Board to continue to provide consulting services to the schools. Without the school fees, the Board will have to consider cost saving measures including limited or delayed services.

5. The new fees will be devastating to our school and will cause us to close our doors. What is the Board's reaction to that?

The Board acknowledges the financial hardships on some schools and community colleges if enough lead time is not provided, especially to public institutions who work through the governmental budget process well in advance of a given program year. However, the Board has the responsibility to create a viable and sustainable structure to serve California. We are committed to working with our stakeholders and partners to implement a system that makes the most sense to all the parties concerned.

6. Is there any way the Board could offer any assistance to the schools?

The Board would most likely be very friendly to proposals to support funding and other assistance for public educational programs, such as legislation and budget actions to assist them with the payment of the fees and possible student financial programs.

7. What if we extended the approval period to 5 or 6 years to lessen the number of times the schools must pay the fee?

The fee structure is based on the amount of time the NECs spend, on average, during a 4-year period which includes consulting, monitoring, reviewing, processing, approving, and report writing. Extending the approval period would not change the fee. Since the cost study took into consideration how much time was spent over a 4-year period and calculated the fee on that study, if we increased the approval period to 5 or 6 years, we would do a commensurate cost increase to take into consideration the additional year or 2 of consulting services.

8. Did you consider a phasing in of the fees? Starting at \$1,000 and gradually going up.

Yes, we did, but doing so would not meet our revenue needs.

9. Did you consider creating a fee structure wherein smaller schools pay less than larger schools?

Yes, we did, and the amount of work involved does not vary between public and private institutions. The amounts of work for the approval period for a small school does not vary widely from that of a large school.

10. Did you consider a fee structure wherein you pay as you go, a type of fee for service set up?

Yes, we did, but creating a pay as you go process would very likely end up costing the schools more money than the current fees being proposed. Additionally, the Board is not set up to do an hourly billing and payment process.

11. Can we be part of a focus group to discuss the implementation of the proposed fees?

Yes. Once we work through some of the issues, we will be contacting the stakeholders to gauge the interest of participating in a focus group.

12. How would you define “substantive change” subject to the fee?

The definition of a substantive change will be promulgated in regulations. A notice of public hearing will be sent out so that all the interested stakeholders will be given an opportunity to comment and provide input.

13. If a school is going through its re-approval process and also submitted a substantive change, will separate fees be charged for each review?

If the substantive change was part of the re-approval process, then a separate fee would not be charged.

If the substantive change was not part of the re-approval process but was submitted while the re-approval process was under review, then a separate fee may be charged. This point will be determined via our follow-up regulatory process.

14. If a school is placed on provisional approval, how often and under what circumstances would a fee be charged?

The fee will be applied when a school is placed on provisional approval. If after 2 years a school is still on provisional approval and has not taken significant strides to correct the deficiencies that initially placed them on provisional approval, an additional fee will be placed on the school.

15. To save money, would the Board consider not doing:

- i. CE requirements for licensees
- ii. Facility review. Some states don't do them
- iii. Reassessment every 4 years.

The Board has not considered these ideas as options to save money. Consumer protection is the Board's highest priority and any changes that could lower the educational standards or potentially jeopardize the health care of Californians is a serious matter. It would take thorough study and discussion before it could be considered.

16. Is it possible to hold legislature process training and updates at the Directors forum or any other type of venue?

This is an idea the Board would very much like to explore with its stakeholders.