DEPARTMENT OF CONSUMER AFFAIRS

TITLE 16. PROFESSIONAL AND VOCATIONAL REGULATIONS DIVISIONS 5 AND 29.

BOARD FOR PROFESSIONAL ENGINEERS, LAND SURVEYORS, AND GEOLOGISTS

Notice Of Proposed Regulatory Action Concerning: Fees

NOTICE IS HEREBY GIVEN that the Board for Professional Engineers, Land Surveyors, and Geologists (hereafter Board) is proposing to take the action described in the Informative Digest below, after considering all comments, objections, and recommendations regarding the proposed action.

PUBLIC HEARING

The Board has not scheduled a public hearing on this proposed action. However, the Board will hold a hearing if it receives a written request for a public hearing from any interested person, or their authorized representative, no later than 15 days prior to the close of the written comment period. A hearing may be requested by making such request in writing addressed to the individuals listed under "Contact Person" in this Notice.

WRITTEN COMMENT PERIOD

Written comments relevant to the action proposed, including those sent by mail or e-mail to the addresses listed under "Contact Person" in this Notice, must be <u>received</u> by the Board at its office no later than Monday, November 17, 2025 (Note: 5pm is not a full day, so either 45 full days or 46 days with day 46 ending at 5p.m.), or must be received by the Board at the hearing, should one be scheduled.

AUTHORITY AND REFERENCE

Pursuant to the authority vested by sections 6716, 6799, 7818, 7887, 8710, and 8805 of the Business and Professions Code (BPC), and to implement, interpret, or make specific BPC sections 158, 6706.3, 6795, 6796, 6798, 6799, 7844, 7851, 7880, 7881, 7887, 8775.3, 8801, 8802, 8804, 8804.5, and 8805, the Board is considering amending sections 407 and 3005 of title 16 of the California Code of Regulations (CCR)¹.

¹ All CCR references are to Title 16 unless otherwise noted.

INFORMATIVE DIGEST / POLICY STATEMENT OVERVIEW

The Board is a state agency within the Department of Consumer Affairs (DCA). The Board's mission is to protect the public's safety and property by promoting standards for competence and integrity through licensing and regulating the Board's professions as professional engineers, land surveyors, geologists, and geophysicists.

Existing law provides that BPC sections 6716, 7818, and 8710 authorize the Board to adopt, amend, or repeal rules and regulations which are reasonably necessary to carry out the provisions of the Professional Engineers Act (BPC sections 6700, et seq.), the Geologist and Geophysicist Act (BPC sections 7800, et seq.), and the Professional Land Surveyors' Act (BPC sections 8700, et seq.), respectively. BPC sections 6799, 7887, and 8805 prescribe and establish the statutory limits for the fees that the Board may charge and collect for each of the professions under the regulatory jurisdiction of the Board.

This regulatory proposal will amend sections 407 and 3005 of Divisions 5 and 29 of the CCR. The purpose of amending CCR sections 407 and 3005 is to address the structural imbalance in the Board's budget and to ensure future fiscal solvency so the Board can maintain its level of service, enforcement, and public protection. Analysis of the Fund Condition statement confirms the Board must implement budgetary adjustments by addressing fees among all professions it regulates to protect the Board's fund from becoming insolvent in Fiscal Year (FY) 2025-26 (Attachment II - Fund Condition statement updated with the 2025-26 Governor's Proposed Budget). Analysis of the Board's fund balance measured by Months in Reserve (MIR) projects that if the Board does not raise fees, the Board's budget will become insolvent in FY 2025-26, with a deficit of \$-1.7 million and \$-1.4 MIR. In FY 2026-27, this deficit will be approximately \$-5.3 million and \$-4.2 MIR (see, Attachment II).

The Board is seeking to increase the fees charged and collected by the Board for an initial license, examinations, renewal of a license, and retired license. The fee increases are necessary to help alleviate the structural imbalance that the Board will face, due in part to the rising cost of operational expenses, while ensuring that the Board has sufficient funding to meet its consumer protection mandate and mission.

Anticipated Benefits of Proposal

This regulatory proposal will benefit the health and welfare of California residents as it allows the Board to continue to protect consumers through licensing and enforcement activities. This regulatory proposal does not affect worker safety or the state's

environment. This regulatory proposal seeks to amend the Board's fee schedule in CCR sections 407 and 3005 to help ensure the Board has sufficient funding to meet its consumer protection mandate while also meeting the Board's mission to protect the public's safety and property by promoting standards for competence and integrity through licensing and regulating the Board's professions.

The Board anticipates the proposed fee structure will balance the Board's fund and maintain appropriate fund reserves effective no later than July 1, 2026. This will help the Board remain solvent, align fees with the full cost of operational services, and facilitate the effective administration of the Board while meeting the needs of the public, applicants, and licensees. The proposed fees will apply to the renewal of licenses that expire after the effective date of the regulatory amendments and all other specified fees apply as of the effective date of the regulatory amendments.

The Board must take immediate action to raise the regulatory fees it collects to increase the Board's revenue and have funding available to continue the Board's daily functions, enforcement, and licensing operations without interruption.

Evaluation of Consistency and Compatibility with Existing State Regulations

During the process of developing this regulatory proposal, the Board has conducted a search of any similar regulations on these topics and has concluded that these regulations are neither inconsistent nor incompatible with existing state regulations.

INCORPORATION BY REFERENCE

There are no forms or documents incorporated by reference.

DISCLOSURES REGARDING THIS PROPOSED ACTION

FISCAL IMPACT ESTIMATES

Fiscal Impact on Public Agencies Including Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:

The Board estimates the proposed regulations will increase revenues by approximately \$4.4 million a year and up to \$44 million over a ten-year period.

Because the Board currently charges the fees in this proposal and performs workload associated with these programs and fees, no additional workload and costs are anticipated.

The Board estimates one-time information technology (IT) costs of \$43,000 to update cashiering and accounting software. Any IT costs will be absorbed within existing resources.

The regulations do not result in any costs or savings in federal funding to the state.

Nondiscretionary Costs/Savings to Local Agencies: None.

Cost to any Local Agency or School District for which Government Code Sections 17500 - 17630 Require Reimbursement: None.

Mandate Imposed on Local Agencies or School Districts: None.

Significant Effect on Housing Costs: None.

BUSINESS IMPACT ESTIMATES

The Board has made the initial determination that the proposed regulatory action will not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

Cost Impact on Representative Private Person or Business

The regulations will increase Board fees as follows:

- Application fees (All Disciplines): \$175 to \$250
- Application fees (Engineer-In-Training, Land Surveyor-In-Training, and Geologist-In-Training): \$75 to \$100
- Examination fees (All Disciplines): \$175 to \$250
- Renewal fees (All Disciplines): \$180 to \$250
- Delinquency fees (All Disciplines): \$90 to \$125
- Retired license (All Disciplines): \$75 to \$100

The proposed regulations are estimated to increase costs to licensees by approximately \$4.4 million per year and up to \$44 million over a ten-year period. Please see the Initial Statement of Reasons for additional information.

RESULTS OF ECONOMIC IMPACT ASSESSMENT / ANALYSIS

Impact on Jobs / Businesses

The Board has made the initial determination that this regulatory proposal will not have any impact on the following:

- 1) the creation or elimination of jobs within the state,
- 2) the creation of new businesses or the elimination of existing businesses within the state, or
- 3) the expansion of businesses currently doing business within the state.

Changes in licensing fees in the amounts proposed are anticipated to have minimal impact on licensees and applicants and will not create nor eliminate jobs for engineers, land surveyors, geologists, and geophysicists in California.

The proposed fee increases will not affect the expansion of businesses currently operating within the State of California and are not sufficient to eliminate existing businesses.

Benefits of Regulation:

The Board has determined that this regulatory proposal will benefit the health and welfare of California residents because it will increase the Board's revenue so the Board can remain fiscally solvent, allowing it to administer and enforce the provisions of the Professional Engineers Act, Professional Land Surveyors' Act, and the Geologist and Geophysicist Act in the interest of consumer protection. This proposal does not affect worker safety or the state's environment as this proposal is not related to any of those issues.

Business Reporting Requirements

The regulatory action does not require businesses to file a report with the Board.

Effect on Small Business

The Board has determined that the proposed regulations may affect small businesses because this proposal will increase fees for individual licensees. The proposed regulations will not affect the expansion or elimination of small businesses and are not sufficient to eliminate existing small businesses. Although small businesses owned by licensees of the Board may be impacted, any impact would be minimal because the proposed incremental fee increase is negligible compared to the average salary of licensees. Further, the Board does not have, nor does it maintain, data to determine if any of its licensees are a "small business," as defined in Government Code section

11342.610, and therefore the number or percentage of small businesses that may be impacted cannot be predicted.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5, subdivision (a)(13), the Board must determine that no reasonable alternative it considered to the regulation or that has otherwise been identified and brought to its attention would be more effective in carrying out the purpose for which the action is proposed; would be as effective and less burdensome to affected private persons than the proposal described in this Notice; or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

Any interested person may submit comments to the Board in writing relevant to the above determinations at 2535 Capitol Oaks Drive, Suite 300 Sacramento, CA 95833 during the written comment period, or at the hearing if one is scheduled or requested.

AVAILABILITY OF STATEMENT OF REASONS AND RULEMAKING FILE

The Board has compiled a record for this regulatory action, which includes the Initial Statement of Reasons (ISOR), proposed regulatory text, and all the information on which this proposal is based. This material is contained in the rulemaking file and is available for public inspection upon request to the Contact Persons named in this Notice.

TEXT OF PROPOSAL

Copies of the exact language of the proposed regulations, and any document incorporated by reference, and of the initial statement of reasons, and all of the information upon which the proposal is based, may be obtained upon request from the Board at 2535 Capitol Oaks Drive, Suite 300 Sacramento, CA 95833.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After considering all timely and relevant comments, the Board, upon its own motion or at the request of any interested party, may thereafter adopt the proposals substantially as described below or may modify such proposals if such modifications are sufficiently related to the original text. With the exception of technical or grammatical changes, the full text of any modified proposal, with the modifications clearly indicated, will be available for review and written comment for 15 days prior to its adoption from the person designated in this Notice as the Contact Person and will be mailed to those persons who submit written comments or oral testimony related to this proposal or who have requested notification of any changes to the proposal.

AVAILABILITY AND LOCATION OF THE FINAL STATEMENT OF REASONS AND RULEMAKING FILE

All the information upon which the proposed regulations are based is contained in the rulemaking file which is available for public inspection by contacting the person named below.

You may obtain a copy of the Final Statement of Reasons once it has been prepared by making a written request to the Contact Person named below or by accessing the website listed below.

CONTACT PERSONS

Inquiries or comments concerning the proposed rulemaking action may be addressed to:

Name: Angela Yu

Address: Board for Professional Engineers, Land Surveyors, and

Geologists

2535 Capitol Oaks Drive, Suite 300

Sacramento, CA 95833

Telephone No.: (916) 999-3610

E-Mail Address: Angela.yu@dca.ca.gov

The backup contact person is:

Name: Richard Moore

Address: Board for Professional Engineers, Land Surveyors, and

Geologists

2535 Capitol Oaks Drive, Suite 300

Sacramento, CA 95833

Telephone No.: (916) 999-3579

E-Mail Address: Ric.moore@dca.ca.gov

AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulations with modifications noted, as well as the Final Statement of Reasons when completed, and modified text, if any, can be accessed through the Board website at https://www.bpelsg.ca.gov/about_us/rulemaking.shtml.