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*House of Representatives*  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

July 16, 2002

COMMITTEES

PROFESSIONAL LICENSURE,  
MAJORITY CHAIRMAN  
LIQUOR CONTROL  
FIREFIGHTERS' CAUCUS,  
COCHAIRMAN EMERITUS

John R. McGinley, Jr., Chairman  
Independent Regulatory Review Commission  
14th Floor, Harristown 2  
333 Market Street  
Harrisburg, PA 17101

Dear Chairman McGinley:

This is to advise you that the House Professional Licensure Committee was unable to convene a quorum in time to take formal action on Regulation 16A-445. Committee members were forwarded a copy of the regulation and asked that they contact the Chairman with any comments or suggestions, however, none were received. Therefore, the Committee submits no comments.

Please feel free to contact my office if any questions should arise.

Sincerely,

Mario J. Civera, Chairman  
House Professional Licensure Committee

MJC/sms  
Enclosure

cc: Jeffrey S. Gerland, D.P.M., Chairperson  
State Board of Podiatry  
The Honorable C. Michael Weaver  
Secretary of the Commonwealth

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PROFESSIONAL LICENSURE REVIEW COMMISSION

**Regulation 16A-445**

**State Board of Podiatry**

**PROPOSAL:** Regulation 16A-445 amends 49 PA Code, Chapter 29, regulations of the State Board of Podiatry. The amendment revises the schedule of Board fees by increasing the fee for biennial license renewal from \$175 to \$395.

Regulation 16A-445 is Final Rulemaking which was delivered to the Professional Licensure Committee on June 27, 2002. The Professional Licensure Committee has until July 17, 2002 to approve or disapprove the regulation.

**ANALYSIS:** Pursuant to Sec. 14 of the Podiatry Practice Act, 63 P.S. Sec. 42.14, the Board is required to meet expenditures through revenues raised by fees, fines and civil penalties. The Board is required to increase fees so that projected revenues will meet or exceed projected expenditures. The Board states that biennial renewal fee, which is the most substantial revenue generating fee charged by the Board, was last increased on December 26, 1992. At the current rate, the Board projects a deficit of \$21,534.73 for the fiscal year ending June 30, 2002, with even greater deficits in future periods. The Board estimates that the proposed fee increase will enable it to recapture the current deficit, meet estimated expenditures for the 2003-2005 biennial cycle, and generate a surplus of approximately \$83,000 at the end of that period.

The Committee noted that although the Board has not increased renewal fees since December of 1992, the proposed increase would more than double the current fee. The Committee questioned why the need for an increase was not recognized or anticipated by the Board at an earlier time so that needed increases could be phased in rather than resorting to one dramatic increase. The Board states that a determination for an increase can only be made after tracking revenue and expenses and insuring that an increase is essential. Until fiscal year 2001-02, the Board had sufficient revenue to meet or exceed its projected expenditures. However, when the Department of State implemented the License 2000 program, the \$3 million expenditure was apportioned among all 27 licensing boards within the BPOA. The Podiatry Board was assessed an amount of approximately \$1,000 plus maintenance costs. It was at this point that a fee increase was recommended as necessary in order to avoid a deficit.

The Committee also noted that by the fiscal year 2005-2006, the Board's projected expenditures will be \$53,000 more than the fiscal year 2000-2001. The Committee requested an explanation of the estimated expenditures of the Board that would necessitate such a sharp increase. The Board states that to project expenses over fiscal periods, the current expenditure base is extended, using a 3% increase over the previous year base; deducting any known non-recurring items. This will account for inflation and any cost of living increases which are required to be funded. Therefore, the expenditure base will increase exponentially to account for those increased annual

costs. This concept (3%) would be a conservative mirror image for the relative rate o increase of a total budget. The fee that the Board was assessed for the implementation of the License 2000 program was significant. Once there is a deficit, the amount rolls over into subsequent years. Without a fee increase to cover expenditures, the Board will be unable to continue its operations.

House of Representatives  
Professional Licensure Committee  
July 3, 2002