

CALIFORNIA DEPARTMENT OF JUSTICE

TITLE 11. LAW

DIVISION 1. ATTORNEY GENERAL

CHAPTER 4. SUPERVISION OF TRUSTEES AND FUNDRAISERS FOR CHARITABLE PURPOSES ACT and CHAPTER 4.6. NONPROFIT RAFFLE PROGRAM

ECONOMIC AND FISCAL IMPACT STATEMENT (STD 399) ADDENDUM

Fiscal Effect on State Government

The aggregate revenue resulting from the fee will not exceed the Department's costs to maintain and operate a solvent program, upgrade the Registry website, and expand its outreach and enforcement activities. As reflected below, the Department anticipates the aggregate revenues resulting from the proposed fee increases to be approximately \$4,075,660.

<u>Fee</u>	<u>Estimated Revenue Increase</u>
Initial Registration Fee (Charities)	\$126,250
Renewal Registration Fees (Charities)	\$3,775,300
Registration Fees (Fundraising Professionals)	\$121,650
Registration Fees (Nonprofit Raffles)	\$52,460
Total approximate amount of revenue increase:	\$4,075,660

The Department anticipates that its approximate costs to pay existing recurring expenses that exceed current revenue, upgrade the Registry website/case management system, and expand its outreach and enforcement activities will be as described below:

Total approximate new recurring costs:	\$4,135,053
Program Deficit (average)	\$602,667
New Program Costs	\$3,532,386
Additional Staffing	\$3,500,000
Software Licensing/Data processing	\$32,386
Total approximate one-time costs:	\$899,500
Website/Case Management related upgrade costs	\$549,500
Other costs:	\$350,000
Office reconfiguration costs/One Time	

For staffing costs, the Department will submit a request for spending authority to hire additional Registry, legal and audit staff. The total estimate for additional staffing is approximately \$3,500,000. The Department seeks to hire two staff managers, ten staff analysts and one office technician. The Department also seeks to hire one supervising attorney, three staff attorneys, two auditors and one legal analyst to support the Registry’s enforcement actions. The staffing costs will initially be lower in the first two fiscal years to allow time for hiring and to pay one-time technology and office reconfiguration costs.

Summary of Annual Revenue and Expenditures

The below table reflects the net balance of Registry revenue and expenditures over the last six fiscal years. As charity numbers and associated workloads have increased the net balance has steadily decreased over the last six years. In two of the last three fiscal years, the Registry has operated with a negative balance.

Net Revenue (Prior Fiscal Years) (does not reflect fund balance)						
	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY 18/19	FY 19/20
Revenue \$	3,940,000	4,174,000	4,464,000	4,560,000	4,947,000	4,642,000
Expenditures \$	2,967,000	3,604,000	4,210,000	5,062,000	5,733,000	5,162,000
Net \$	973,000	570,000	254,000	-502,000	-786,000	-520,000

The average revenue received in the last three fiscal years is \$4,716,333. The average expenditures made in the last three fiscal years is \$5,319,000. With the fee increases, the Department expects aggregate program revenues to approximate \$8,791,993 (\$4,075,660 + \$4,716,333) and aggregate program expenditures to approximate \$8,851,386 (\$3,532,386 + \$5,319,000).

Estimated Future Revenue and Expenditures					
	Year 1	Year 2	Year 3	Year 4	Year 5
Estimated Revenue \$*	8,791,993	8,791,993	8,791,993	8,791,993	8,791,993
Estimated Total Expenditures \$	8,851,386	8,851,386	8,851,386	8,851,386	8,851,386
Avg. Existing Expenditures	5,319,000	5,319,000	5,319,000	5,319,000	5,319,000
Additional Staffing	2,878,500	3,222,000	3,500,000	3,500,000	3,500,000
Software Licenses	32,386	32,386	32,386	32,386	32,386
Technology Upgrade Costs	271,500	278,000	0	0	0
Office Reconfiguration Costs	350,000	0	0	0	0

*It is difficult to predict how much revenue will increase as a result of increased enforcement efforts. The Department will continue to monitor revenues and seek fee adjustments in the future as necessary.