



AGENDA ITEM # 4c

March 16, 2011

Steven Hartzell
Physical Therapy Board of California
2005 Evergreen Street, Suite 1350
Sacramento, CA 95815

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Dear Mr. Hartzell:

Re: NPTE Fee Increase Effective January 1, 2013

As announced in May Newsbriefs and at the 2010 Annual Meeting, on May 3, 2010 the Board of Directors made a motion to increase the NPTE fee (PT and PTA) from \$370 to \$400 effective January 1, 2013. The letter provides official notification of the fee increase.

The increase is necessitated as a result of the increased costs for the ongoing operations, maintenance and system enhancements to the NPTE; increased costs for enhanced exam-related security, which includes costs associated with monitoring, investigations, technology enhancements; and related legal expenses in protecting the intellectual property of FSBPT.

Financial Forecast

As part of its strategic planning process in 2010, the Board had a long-term financial forecast prepared. The forecast included the year of the increase and subsequent years since we do not increase fees annually. Some of the key assumptions include the following:

- NPTE volume was forecast to increase annually from 2% to 5% with volume holding steady at the 2013 level.
- Current exam rates were held constant for purposes of the initial analysis.
- Additional staff were forecast in the areas of exam services and exam assessment.
- Additional meetings will be held starting in 2011 related to changes in exam development.
- Consulting fees are forecast to increase significantly (\$200,000 to \$250,000) in anticipation of the cost to identify and implement recommended changes to improve exam security.
- Legal fees were forecast to increase by \$300,000 in order to defend our actions directed toward protecting the exam. In addition, the forecast includes \$200,000 annually to pursue exam copyright violators.

The summary forecast is included in the enclosure. As can be seen from the forecast, by 2015, the projected loss per exam would be \$36.10.

The Board of Directors is encouraged by the positive feedback that it has received regarding the improvements in operations over the past several years and we are pleased to be able to keep the amount of the fee increase to such a low amount. We appreciate the continued cooperation and support of the membership. It is a pleasure to serve each of you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Maggie Donohue".

Maggie Donohue, PT
President

Enclosure

Five-Year Financial Forecast Without Fee Increase

(Amounts in Thousands Except Volume and Per Exam Values)

	<u>Actual 2010</u>	<u>Budget 2011</u>	<u>Forecast 2012</u>	<u>Forecast 2013</u>	<u>Forecast 2014</u>	<u>Forecast 2015</u>
Exam Volume	19,582	20,064	20,867	21,910	21,910	21,910
Revenue:						
Exam Fees	\$ 7,205	\$ 7,424	\$ 7,721	\$ 8,107	\$ 8,107	\$ 8,107
Score Transfer/Feedback	\$ 959	\$ 967	\$ 994	\$ 1,024	\$ 1,053	\$ 1,082
Membership Dues	\$ 112	\$ 109	\$ 109	\$ 109	\$ 109	\$ 109
Investment Income	\$ 1,234	\$ 450	\$ 475	\$ 500	\$ 525	\$ 550
Continuing Competence	\$ 252	\$ 266	\$ 304	\$ 340	\$ 367	\$ 402
All Other	\$ 954	\$ 932	\$ 940	\$ 949	\$ 957	\$ 966
Total Revenue	\$10,716	\$10,148	\$10,543	\$11,029	\$11,118	\$ 11,216
Expenses:						
Payroll & Benefits	\$ 4,043	\$ 4,739	\$ 5,257	\$ 5,555	\$ 6,009	\$ 6,362
Travel/Meetings	\$ 998	\$ 1,210	\$ 1,246	\$ 1,284	\$ 1,322	\$ 1,362
Professional Fees	\$ 923	\$ 1,669	\$ 1,242	\$ 1,276	\$ 1,402	\$ 1,403
Supplies/Postage/Printing	\$ 83	\$ 93	\$ 97	\$ 102	\$ 107	\$ 113
Website Costs	\$ 341	\$ 321	\$ 337	\$ 354	\$ 372	\$ 390
Occupancy/Maintenance	\$ 108	\$ 178	\$ 246	\$ 257	\$ 269	\$ 281
Continuing Competence	\$ 161	\$ 285	\$ 364	\$ 369	\$ 378	\$ 444
Interest Expense	\$ 47	\$ 23	\$ 23	\$ 23	\$ 23	\$ 44
Depreciation	\$ 533	\$ 649	\$ 649	\$ 649	\$ 649	\$ 649
All Other	\$ 781	\$ 889	\$ 978	\$ 893	\$ 982	\$ 959
Total Expenses	\$ 8,018	\$10,056	\$10,439	\$10,762	\$11,513	\$ 12,007
Net Income (Loss)	\$ 2,698	\$ 92	\$ 104	\$ 267	\$ (395)	\$ (791)
Per Exam (Whole Dollars)	\$137.78	\$ 4.59	\$ 4.98	\$ 12.19	\$ (18.03)	\$ (36.10)