

Ohio Veterinary Medical Licensing Board

Senate Finance and Financial Institutions Committee

*Jason Phillips, Budget Analyst
Legislative Service Commission*

May 10, 2007

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LSC Redbook

for the

Veterinary Medical Board

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ATTACHMENTS:

Catalog of Budget Line Items

LSC Budget Spreadsheet By Line Item: Executive to House Passed

May 10, 2007

Ohio Veterinary Medical Licensing Board

- Contract with Department of Agriculture for investigators has resulted in significant savings to the Board
- Licensed 5,572 professional veterinarians, veterinary technicians, and veterinary specialists in FY 2006

OVERVIEW

The Ohio Veterinary Medical Licensing Board's mission is to ensure that professional, trustworthy and competent veterinarians and veterinary technicians serve Ohio's citizens. The Board serves a number of functions, including issuing licenses, providing examinations for licenses, approving continuing education courses, and investigating complaints. Chapter 4741. of the Revised Code grants these powers.

The Ohio Veterinary Medical Licensing Board is part of the Occupational Licensing and Regulatory Fund (Fund 4K9), which serves as a repository for license fees and other assessments collected by the state's professional and occupational licensing boards. The fund was established by Am. Sub. H.B. 152 of the 120th General Assembly. Prior to its creation, appropriations for each licensing board were made from the GRF. This created some problems as some boards contributed more revenues than they expended and others had to be subsidized by the GRF since the revenues generated did not meet their expenditures. The 4K9 Fund eliminated these problems. The philosophy of the fund is that each board must generate enough revenues to cover their expenses. It is also quite common for the boards to develop a surplus in the fund to cover unforeseen economic hardships.

Highlights of the Current Biennium

New Legislation

Sub. H.B. 458 of the 126th General Assembly was enacted and took effect on October 12, 2006. This bill revised the Veterinary Practice Law and put into statute the Veterinary Loan Repayment Program. Among the bill's provisions were the creation of several new licenses, such as a limited license for individuals not already licensed by the Board whose sole professional capacity is with a veterinary academic institution or veterinary technology institution (\$155); a limited license for interns, residents in a veterinary specialty, or graduate students (\$35); and a veterinary business facility license for corporate veterinary facilities whose shareholders are not veterinarians (\$300). The Board estimates that approximately 200 limited licenses and no more than 100 veterinary business facility licenses will be issued by the time of their renewal in FY 2008 and FY 2009. As such, these licenses will not have a significant impact on the Board's fee revenue.

The bill also codified the Veterinarian Loan Repayment Program, which had been initially created in temporary law in the budget act for FYs 2006-2007, Am. Sub. H.B. 66 of the 126th General Assembly. Under the program, the Ohio Board of Regents, by means of a contract entered into with a veterinarian who has signed a letter of intent for participation in the loan repayment program and the Veterinary Medical Licensing Board, may agree to repay all or part of the principal and interest of a

government or other educational loan taken out by a veterinarian for expenses incurred, as long as the veterinarian was enrolled in an approved or accredited veterinary college in the United States and agrees to provide various veterinary services in areas of the state that have limited access to such services. In order to fund this program, the Veterinary Medical Licensing Board must deposit \$10 of each veterinary license or limited license biennial renewal fee that it collects into the Veterinarian Loan Repayment Fund (Fund 5BU). This is expected to generate approximately \$37,000 per renewal cycle based on current licensing figures. This also means that revenue to the Occupational Licensing and Regulatory Fund (Fund 4K9) will decrease in a corresponding amount. However, revenue from the new license types noted above will help to alleviate the shortfall.

Revenues and Expenditures

The Veterinary Medical Licensing Board's revenue for the FY 2006-2007 renewal cycle is estimated to be approximately \$807,320, which may be a little conservative, as FY 2007 figures do not include revenue from disciplinary fines or late renewals. The Board's estimated expenditures for the FY 2006-2007 renewal period are \$569,431, resulting in an estimated net gain of \$237,889 for the two-year span.

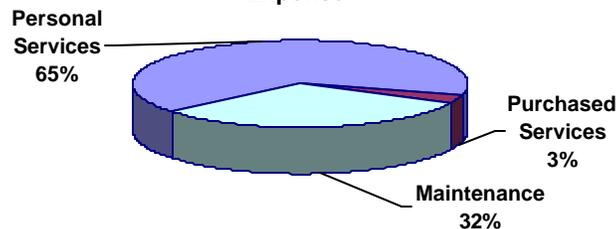
DVM Revenues and Expenditures, FY 2002 – FY 2007			
	FY 2002-2003	FY 2004-2005	FY 2006-2007 (est.)
Revenues	\$796,269	\$844,130	\$807,320
Expenditures	\$532,344	\$540,558	\$569,431
Net	\$263,925	\$303,572	\$237,889

Executive Recommendation for FYs 2008-2009

The executive recommends \$322,740 for FY 2008, representing a 5.1% increase from the Board's FY 2007 operating expense appropriation of \$307,000. For FY 2009, the executive recommends \$327,312, which is a 1.4% increase over the amount recommended for FY 2008. The Governor's proposal includes funding to allow the Board to begin development of an online licensing and renewal process.

The following pie chart illustrates the Board's planned expenses by object code according to the Governor's recommendation. Like many other licensing and regulatory boards, the majority of the Veterinary Medical Licensing Board's expenses are devoted to personal services, namely payroll, health care, and fringe benefit costs. The executive recommendation includes increases in personal services spending of 1.3% and 6.1% for FY 2008 and FY 2009, respectively.

FY 2008-2009 Recommended Funding by Object of Expense



Summary of FYs 2008-2009 Budget Issues

Increase in Complaints and Investigations

The Board has experienced an increase in the number of complaints received and the number of investigations in the past several years. In fact, the Board received 174 complaints in calendar year (CY) 2006, which is the most ever received in a calendar year. The result has been higher postage and certified mail charges, personnel time to process complaints and responses, investigative costs, and disciplinary and hearing costs. The Board expects the number of complaints to rise in the future as more people become aware of the Board and what it does.

Online Renewals

As noted above, the executive recommendation for the Board includes funding of \$15,740 for FY 2008 and \$20,312 for FY 2009 to make available online renewal for veterinarians beginning in January 2008 and veterinary technicians and veterinary facilities in FY 2009. This additional funding will pay for the development of the online renewal software and integration with the e-Licensing system, development of online renewal forms for all license types, the account for credit card services, and the actual cost of processing the credit cards.

Sharing of Inspectors with the Department of Agriculture

The Veterinary Medical Licensing Board is in the same position as other boards and commissions regarding higher payroll costs and pass-through expenses charged by the Department of Administrative Services for payroll, accounting, and other centralized support services. In order to reduce personnel costs, the Board began a contract with the Ohio Department of Agriculture (ODA) in 2000 to share investigators. Through this arrangement, the Board only pays for the hours spent investigating its cases and mileage. In FY 2004, the Board expanded the contract to include compliance inspectors. As a result of this arrangement, the Board has been able to significantly reduce payroll costs and decreased the time involved for investigations, as more than one investigator can be working on the Board's cases at a time. The Board most recently renewed the contract with ODA in CY 2005. The Board is attempting to reduce costs even further by combining compliance inspections in the same geographical location as investigations to conserve travel and time costs. In FY 2006, the Board spent \$22,052 reimbursing ODA investigators for hours and mileage pursuant to the contract with ODA.

Staffing Levels

Ohio Veterinary Medical Licensing Board Staffing Levels by Fiscal Year						
Program Series/Division	2004	2005	2006	2007	Estimated	
					2008	2009
Board Members	7	7	7	7	7	7
Administrative Staff	3	3	3	3	3	3
Totals	10	10	10	10	10	10

FACTS AND FIGURES

Active Licenses

The Veterinary Board licenses biennially. Licenses are renewed in odd-numbered years for veterinarians and in even-numbered years for licensed veterinary technicians. In FY 2006, the Board handled the administrative work for approximately 5,600 active licensees. Sub. H.B. 458 of the 126th General Assembly created several new license types, which will renew in FY 2008 and FY 2009. The table below illustrates the number of licensees by license type for FY 2006.

DVM Licensees by License Type for FY 2006	
Licenses	FY 2006
Veterinarian	3,569
Registered Veterinary Technician	1,887
Veterinary Specialist	116
Total	5,572

Fee Structure

Below is a table detailing the fees for each license. These fees apply to those that have their renewal application postmarked no later than the first day of March. Veterinary specialists do not renew their license, but they do pay an initial registration fee.

DVM License and Renewal Fees		
License Type	Initial License	Renewal
Veterinarian	\$375	\$155
Veterinary Business Facility	\$300	\$300
Limited License - instructor, researcher, diagnostician	\$155	\$155
Provisional Veterinary Graduate License	\$100	N/A
Veterinary Specialist	\$50	N/A
Registered Veterinary Technician	\$35	\$25
Limited License – intern, resident, graduate student	\$35	N/A

ANALYSIS OF EXECUTIVE PROPOSAL

Single Program Series

Operating Expenses

Purpose: Licenses, enforces, and regulates the practice of veterinary medicine

The following table shows the line items that are used to fund the Veterinary Medical Licensing Board, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2008	FY 2009
General Services Fund Group				
4K9	888-609	Operating Expenses	\$ 322,740	\$327,312
General Services Fund Group Subtotal			\$ 322,740	\$327,312
Total Funding: Ohio Veterinary Medical Licensing Board			\$322,740	\$327,312

Program Description: In accordance with Chapter 4741. of the Revised Code, the Ohio Veterinary Medical Licensing Board issues, licenses, provides examinations for licensure, approves continuing education courses, investigates complaints, performs compliance inspections of veterinary facilities, and networks with other state, federal, and local agencies that relate to veterinary medicine.

Funding Source: License fees and other assessments

Line Items: 880-609, Operating Expenses

Implication of Executive Recommendation: The executive recommendation fully funds the Veterinary Medical Licensing Board's budget request for FYs 2008-2009 and allows the Board to make available online license renewal to its licensees.

Temporary and Permanent Law Provisions

None

REQUESTS NOT FUNDED

The executive recommendation fully funds the Veterinary Medical Licensing Board's request at \$322,740 in FY 2008 and \$327,312 in FY 2009.

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General Services Fund Group

4K9 888-609 Operating Expenses

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$261,198	\$279,360	\$262,431	\$307,000	\$322,740	\$327,312
	7.0%	-6.1%	17.0%	5.1%	1.4%

Source: GSF: License fees and other assessments collected by the state's professional and occupational licensing boards

Legal Basis: ORC 4741.02 and 4743.05 (originally established by Am. Sub. H.B. 152 of the 120th G.A.)

Purpose: This appropriation is used to support general operating expenses, including payroll, supplies, and equipment for the Ohio Veterinary Medical Licensing Board.

5BU 888-602 Veterinary Student Loan Program

2004	2005	2006	2007 Estimate	2008 House Passed	2009 House Passed
\$0	\$0	\$0	\$0	\$60,000	\$0

Source: GSF: \$10 of each veterinary license or limited license biennial renewal fee.

Legal Basis: ORC 4741.46; Section 212.30 of Am. Sub. H.B. 66 of the 126th G.A. as amended by Am. Sub. H.B. 530 of the 126th G.A. and subsequently amended by Am. Sub. H.B. 699 of the 126th G.A.

Purpose: This appropriation will be used by the Veterinary Medical Licensing Board to implement a student loan repayment program for veterinary students focusing on large animal populations, public health, or regulatory medicine. The \$10 from each veterinary and limited license renewal will not begin accruing to the Veterinarian Loan Repayment Fund until those licenses renew, which will be in FY 2008. The program was originally funded through a transfer, which was authorized by Am. Sub. H.B. 66 of the 126th G.A., of \$60,000 in FY 2007 from the Occupational Licensing and Regulatory Fund (Fund 4K9) to the Veterinary Loan Repayment Fund (Fund 5BU).

LSC Budget Spreadsheet by Line Item, FY 2008 - FY 2009

<i>Fund ALI ALI Title</i>	<i>Estimated 2007</i>	<i>As Introduced 2008</i>	<i>House Passed 2008</i>	<i>% Change Est. 2007 to House 2008</i>	<i>As Introduced 2009</i>	<i>House Passed 2009</i>	<i>% Change House 2008 to House 2009</i>
<i>DVM Veterinary Medical Licensing Board</i>							
4K9 888-609 Operating Expenses	\$307,000	\$ 322,740	\$ 322,740	5.1%	\$ 327,312	\$ 327,312	1.4%
5BU 888-602 Veterinary Student Loan Program	\$0	\$ 0	\$ 60,000	N/A	\$ 0	\$ 0	-100.0%
General Services Fund Group Total	\$ 307,000	\$ 322,740	\$ 382,740	24.7%	\$ 327,312	\$ 327,312	-14.5%
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Total All Budget Fund Groups	\$ 307,000	\$ 322,740	\$ 382,740	24.7%	\$ 327,312	\$ 327,312	-14.5%