

# **LSC Redbook**

**Analysis of the Executive Budget Proposal**

## **Veterinary Medical Licensing Board**

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## **ATTACHMENTS:**

- Catalog of Budget Line Items
- Budget Spreadsheet By Line Item

# Veterinary Medical Licensing Board

- Executive recommendation of \$352,375 in FY 2012 and \$349,857 in FY 2013
- Six grants totaling \$57,500 issued under the Veterinary Student Loan Repayment Program in the FY 2010-FY 2011 biennium

## OVERVIEW

### Agency Overview

The Ohio Veterinary Medical Licensing Board (DVM) ensures that professional and competent veterinarians and veterinary technicians serve Ohio's citizens by examining applicants for licenses, issuing licenses, approving continuing education courses, and investigating complaints. Like many other licensing and regulatory boards, the majority of DVM's revenues come from license fees and the majority of its expenses are related to personnel. A seven-member board appointed by the Governor is responsible for oversight. Of the seven members, five must be licensed veterinarians, one must be a licensed veterinary technician, and one member must represent the public. The day-to-day operations are handled by an executive director who is appointed by the Board. Including the director, DVM has two full-time employees and one part-time clerk. The Board contracts with the Department of Agriculture to handle investigations.

### Appropriation Overview

The executive recommends appropriations of \$352,375 in FY 2012, a decrease of 7.1% from estimated FY 2011 spending of \$379,407. The recommended FY 2013 amount of \$349,857 is 0.7% less than the recommended FY 2012 amount. As with other licensing and regulatory boards, payroll and fringe benefit costs are DVM's largest expense, accounting for nearly 67% of recommended funding in the upcoming biennium. Supplies and maintenance make up a further 23%. The remaining 10% combined is slated for subsidies and shared revenue, purchased personal services, and equipment.

Rather than hiring additional full-time staff, DVM contracts with the Department of Agriculture to conduct investigations of veterinarians and veterinary clinics. Under this arrangement, DVM only pays for the hours and the mileage of the investigator related to a specific inspection or investigation, significantly decreasing investigatory costs. DVM spent \$9,193 during FY 2010 on investigative services, equivalent to 2.7% of DVM's total budget in that fiscal year.

DVM receives support for handling certain administrative functions from the Central Services Agency (CSA) within the Department of Administrative Services.

These services include help in budget development, fiscal processing, human resources, and so forth. Although this analysis was prepared before the Governor's budget recommendations were finalized, the Board's share of CSA charges for FY 2012-FY 2013 is forecast to be approximately \$10,000 in each fiscal year, approximately the same as what the Board has paid in the current biennium.

The Board also uses the eLicensing system, an online tool that allows for license applications and renewals to be processed and stored electronically. Approximately 45% of veterinarians use the online renewal system to update their licensure. Because the eLicensing system is becoming outdated, the executive proposal includes \$2 million in FY 2012 and \$1 million in FY 2013 under DAS's budget for a replacement system, referred to as the Ohio Professionals Licensing System (OPLS). OPLS is intended to improve the security, stability, and functionality available to the system's users.

During the FY 2012-FY 2013 biennium, DVM will be required to pay the cost of its biennial audit conducted by the Auditor of State. This is because S.B. 155 of the 128th General Assembly, effective March 31, 2010, requires all state agencies to pay for their own audits. In the past, the cost of state agency audits was paid for by the Department of Administrative Services. However, funding for that purpose was eliminated by H.B. 1 of the 128th General Assembly (the FY 2010-FY 2011 biennial budget bill). The Board estimates the cost of its next audit to be approximately \$12,000.

### **License Fees and Fund 4K90**

Fee revenue collected by DVM is deposited in the Occupational Licensing and Regulatory Fund (Fund 4K90). Twenty-eight occupational licensing and regulatory boards and commissions, including DVM, use Fund 4K90 as an operating account to support their activities. The expectation is for every board to be self-sufficient, generating enough revenues to cover expenses.

As the number of new veterinarians entering the workforce is largely controlled by the number of students that veterinary schools enroll, the number of active licenses overseen by DVM remains relatively flat from year to year. However, during FY 2008 the Board began issuing four new licenses created under H.B. 458 of the 126th General Assembly: two different types of limited licenses, a business facility license, and a provisional graduate license. Limited licenses are for individuals whose veterinary education or qualifications might not exactly meet Ohio standards. For example, this includes veterinary practitioners who were trained in other countries. Provisional graduate licenses are for those individuals who have completed their education and want to gain more practical experience before taking the requisite exams to become fully licensed. The license types and their related fees are listed in Table 1 below.

<b>License</b>	<b>Fee (New/Renewal)</b>
Veterinarian	\$375/\$155
Veterinary Business Facility	\$300
Veterinary Specialist	\$50
Veterinary Technician	\$35
Limited License	\$35/\$155
Provisional Graduate License	\$100
Temporary License	\$100

Table 2 below shows DVM's revenue and expenditure history from FY 2006 to FY 2010. Notice that the biennial renewal cycle results in significant fluctuations in the amount of revenue received on a year-to-year basis, with the vast majority of revenue coming in even-numbered fiscal years when renewals occur. The revenue collected during the renewal year covers the deficit created in the "off" year when little license fee revenue is received. As the table shows, over recent two-year renewal cycles, DVM's revenues have exceeded expenditures, resulting in a net of \$328,743 during the FY 2006–FY 2007 biennium and a net of \$275,068 during the FY 2008–FY 2009 biennium.

	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Revenue	\$660,319	\$214,590	\$687,011	\$213,843	\$721,174
Expenditures	\$260,496	\$285,670	\$319,406	\$306,380	\$296,301
<b>Net</b>	<b>\$399,823</b>	<b>(\$71,080)</b>	<b>\$367,605</b>	<b>(\$92,537)</b>	<b>\$424,873</b>

### **Veterinary Student Loan Repayment Program**

As well as creating new license types, H.B. 458 of the 126th General Assembly authorized DVM to initiate a new student grant program for veterinary students interested in large animal medicine, regulatory services, or veterinary public health. The grants can be used to offset the cost of tuition, other educational expenses, and room and board. Awards can be up to \$10,000 per year, with a \$20,000 maximum. In FY 2010, the Board awarded four grants totaling \$27,500. To date in FY 2011, the Board has awarded two grants totaling \$25,000. The program is funded by \$10 from each license fee that is deposited into the Veterinary Student Loan Program Fund (Fund 5BU0). Although the four new license types created under H.B. 458 were expected to generate enough new revenue to fund the program, the additional revenue has not materialized. This issue is discussed in further detail under the Analysis of the Executive Proposal section.

## ANALYSIS OF EXECUTIVE PROPOSAL

Governor's Recommended Funding for DVM				
Fund	ALI and Name		FY 2012	FY 2013
<b>General Services Fund Group</b>				
4K90	888609	Operating Expenses	\$322,375	\$319,857
5BU0	888602	Veterinary Student Loan Program	\$30,000	\$30,000
<b>Total Funding:</b>			<b>\$352,375</b>	<b>\$349,857</b>

### Operating Expenses (888609)

Fund 4K90 line item 888609, Operating Expenses, is used to pay DVM's operating expenses, the majority of which are related to personnel. DVM has two full-time employees and one part-time employee. This includes the Executive Director, a Licensure Coordinator, and a clerk. The Board contracts with the Department of Agriculture to conduct inspections of veterinary facilities and veterinarians. The \$322,375 in recommended funding for FY 2012 is approximately 1% less than the FY 2011 appropriation of \$319,407.

The eLicensing system has allowed DVM to automate a portion of the renewal process, enabling the Board to perform the additional administrative duties created by H.B. 458 of the 126th General Assembly and H.B. 104 of the 127th General Assembly. H.B. 458 caused an increase in the number of inquiries concerning new license types. H.B. 104 required DVM and 15 other boards to carry out criminal background checks on license applicants and those seeking to restore their licenses.

### Licensing

In FY 2010, there were approximately 3,790 licensed veterinarians, 99 limited licensed veterinarians, 2,493 veterinary technicians, and 52 business facility licenses. The total number of licenses that the Board oversaw in FY 2010 was 6,594. The table below shows the number of active licenses by type for FY 2010.

License	Active Licenses
Veterinarian	3,790
Veterinary Business Facility	52
Veterinary Specialist	129
Veterinary Technician	2,493
Limited License	99
Limited License – Ohio Resident	29
Temporary License	2
<b>Total</b>	<b>6,594</b>

## Investigations

As mentioned previously, DVM contracts with the Department of Agriculture to share four full-time investigators. Investigators conduct inspections of veterinary clinics to ensure that they conform to veterinary laws and DVM standards; they also investigate complaints made to DVM by consumers. DVM receives approximately 200 complaints per year and expects this number to rise, due to Internet access and growing consumer awareness of the procedure for filing a complaint. During FY 2010, DVM conducted a total of 21 investigations and issued 18 notices of violations. The Board collected \$6,237 in fines in that fiscal year.

## Veterinary Student Loan Program (888602)

This line item is used to reimburse veterinary students interested in the areas of large animal medicine, regulatory services, or veterinary public health in areas of the state where these professional services are lacking. The grants can be used to cover tuition, other educational expenses, and room and board. The awards can be for up to \$10,000 per year with a \$20,000 maximum. Under the grant program, recipients must agree to practice in Ohio for a certain period of time. If the grant is less than \$10,000, they must stay in Ohio for at least one year; if the grant is greater than \$10,000, they must stay in Ohio for at least two years.

To pay for the grants, \$36,770 – an amount equal to \$10 of each of the license fees paid for veterinary licenses – was transferred to the Veterinary Student Loan Fund (Fund 5BU0), in FY 2010. In FY 2010, the Board issued three grants of \$7,500 and one grant of \$5,000 for a term of one-year service. So far in FY 2011, the board has issued one grant of \$20,000 for a two-year service agreement and one grant of \$10,000 for a one-year service agreement. DVM had hoped that revenues from the new licenses authorized in H.B. 458 would be sufficient to pay for this grant program, but the new licenses generated only \$14,540 in revenue in FY 2010. The recommended funding for this grant program for the FY 2012-FY 2013 biennium is \$30,000 in each fiscal year, 50% less than was appropriated for FY 2011.

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## Veterinary Medical Licensing Board

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### General Services Fund Group

#### **4K90 888609 Operating Expenses**

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$319,407	\$306,380	\$296,181	\$319,407	<b>\$322,375</b>	<b>\$319,857</b>
	-4.1%	-3.3%	7.8%	<b>0.9%</b>	<b>-0.8%</b>

**Source:** General Services Fund Group: 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.); Section 411.10 of Am. Sub. H.B. 1 of the 128th G.A.

**Purpose:** This appropriation is used to support general operating expenses, including payroll, supplies, and equipment for the Ohio Veterinary Medical Licensing Board. The Board renews licenses on a biennial basis.

#### **5BU0 888602 Veterinary Student Loan Program**

FY 2008	FY 2009	FY 2010	Estimate FY 2011	Introduced FY 2012	Introduced FY 2013
\$0	\$0	\$27,500	\$60,000	<b>\$30,000</b>	<b>\$30,000</b>
	N/A	N/A	118.2%	<b>-50.0%</b>	<b>0.0%</b>

**Source:** General Services Fund Group: \$10 of each veterinary license or limited license biennial renewal fee; FY 2007 transfer of \$60,000 from the Occupational Licensing and Regulatory Fund (Fund 4K90)

**Legal Basis:** ORC 4741.46 (originally established by Am. Sub. H.B. 66 of the 126th G.A.)

**Purpose:** This appropriation is used by the Veterinary Medical Licensing Board to support a student loan repayment program for veterinary students focusing on large animal populations, veterinary public health, or veterinary services necessary to implement or enforce the law. The grants may be used for tuition reimbursement, other educational expenses, and room and board. Grant recipients must commit to provide veterinary services in parts of the state lacking the veterinary resources described above. The awards can be up to \$10,000 per year, with a \$20,000 maximum. The \$10 from each veterinary and limited license renewal has been collected since FY 2008; however, no grants were funded until FY 2010.

# FY 2012 - FY 2013 Introduced Appropriation Amounts

# All Fund Groups

Line Item Detail by Agency			FY 2010	Estimate FY 2011	Introduced FY 2012	FY 2011 to FY 2012 % Change	Introduced FY 2013	FY 2012 to FY 2013 % Change
<b>Report For Main Operating Appropriations Bill</b>			<b>Version: As Introduced</b>					
<b>DVM Veterinary Medical Licensing Board</b>								
4K90	888609	Operating Expenses	\$ 296,181	\$ 319,407	\$ 322,375	0.93%	\$ 319,857	-0.78%
5BU0	888602	Veterinary Student Loan Program	\$ 27,500	\$ 60,000	\$ 30,000	-50.00%	\$ 30,000	0.00%
<b>General Services Fund Group Total</b>			<b>\$ 323,681</b>	<b>\$ 379,407</b>	<b>\$ 352,375</b>	<b>-7.12%</b>	<b>\$ 349,857</b>	<b>-0.71%</b>
<b>Veterinary Medical Licensing Board Total</b>			<b>\$ 323,681</b>	<b>\$ 379,407</b>	<b>\$ 352,375</b>	<b>-7.12%</b>	<b>\$ 349,857</b>	<b>-0.71%</b>