

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 \$367,432 in FY 2014 and \$361,695 in FY 2015
- Four grants totaling \$44,000 issued under the Veterinary Student Loan Repayment Program in the FY 2012-FY 2013 biennium

OVERVIEW

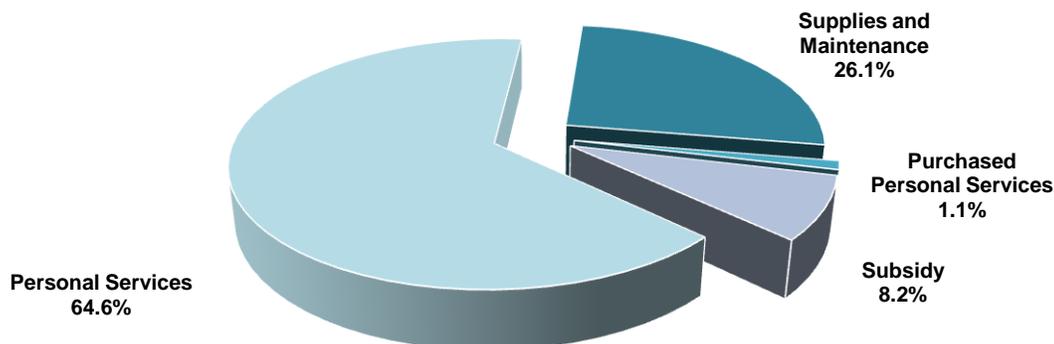
Agency Overview

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 Executive 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 \$367,432 in FY 2014, an increase of 5.0% when compared to estimated FY 2013 spending of \$349,857. The recommended funding for FY 2015 is \$361,695, or 1.6% less than the amount recommended for FY 2014. Chart 1 shows the proposed FY 2014-FY 2015 budget by category of expense. As with other licensing and regulatory boards, payroll and fringe benefit costs are DVM's largest expense, accounting for approximately 64.6% of recommended funding for the biennium. Supplies and maintenance account for almost 26.1% of the budget recommendation. Subsidies, which consist of awards issued under the Veterinary Student Loan Repayment Program, account for just over 8.2% of the recommended budget. The remaining 1.1% is for purchased personal services.

**Chart 1: Executive Budget Recommendations
by Expense Category, FY 2014-FY 2015**



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 \$13,071 during FY 2012 on investigatory services, equivalent to 4.0% of DVM's total budget in that fiscal year.

The Board 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. DVM paid \$9,820 in CSA charges in FY 2012, and will pay an estimated \$11,425 in FY 2013. The Board also uses the state's eLicensing system, an online tool that allows for license applications and renewals to be processed and stored electronically. DVM estimates that at least 50% of veterinarians will use the online renewal system to update their licensure in the next biennium. In FY 2012, DVM paid \$1,705 to use this system, and has incurred costs of \$1,713 so far in FY 2013. The Board is also responsible for covering the biennial audit conducted by the Auditor of State. The previous biennial audit cost \$11,052.

License Fees and Fund 4K90

Fee revenue collected from the various licenses issued by DVM is deposited in the Occupational Licensing and Regulatory Fund (Fund 4K90), a pooled operating fund used by 27 occupational licensing and regulatory boards and commissions. As a general observation, the number of new veterinarians entering the workforce is largely controlled by the number of students that veterinary schools enroll. Consequently, the number of active licenses overseen by DVM remains relatively flat from year to year. The license types and their related fees are listed in Table 1 below.

License	Fee (New/Renewal)
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 in recent fiscal years. 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 lesser amounts of license fee revenues are received. For the FY 2010-FY 2011 biennium, DVM's revenues exceeded total expenditures by \$353,915. For the FY 2012-FY 2013 biennium, revenues are anticipated to exceed expenses by \$353,250.

	FY 2010	FY 2011	FY 2012	FY 2013 (Est.)
Revenue	\$721,174	\$213,007	\$756,656	\$213,000
Expenditures	\$296,301	\$283,965	\$296,549	\$319,857
Net	\$424,873	-\$70,958	\$460,107	-\$106,857

Veterinary Student Loan Repayment Program

In addition to its responsibilities in overseeing practitioners and operations in the veterinary medicine field, the Board oversees a 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, and require a service commitment from the recipient. In FY 2012, the Board awarded two awards totaling \$24,000. Two awards of \$10,000 each have been issued in FY 2013. The program is funded by \$10 from each license fee that is deposited into the Veterinary Student Loan Program Fund (Fund 5BU0).

ANALYSIS OF EXECUTIVE PROPOSAL

Governor's Recommended Funding for Veterinary Medical Licensing Board				
Fund	ALI and Name		FY 2014	FY 2015
General Services Fund Group				
4K90	888609	Operating Expenses	\$337,432	\$331,695
5BU0	888602	Veterinary Student Loan Program	\$30,000	\$30,000
Total Funding: Veterinary Medical Licensing Board			\$367,432	\$361,695

Operating Expenses (888609)

Fund 4K90 appropriation item 888609, Operating Expenses, is used to pay the Board's operating expenses, the majority of which are related to personnel. The Board employs three people: an executive director and license coordinator (both full-time), and a clerk who works on a part-time basis. The Board contracts with the Department of Agriculture to conduct inspections of veterinary facilities and veterinarians. The \$337,432 in recommended funding for FY 2014 is approximately 5.5% more than estimated spending of \$319,857 on Board operations for FY 2013. The amount recommended for FY 2015 is \$331,695, a 1.7% decrease when compared to the FY 2014 recommendation.

Licensing Activity

In FY 2012, there were 4,041 licensed veterinarians, and 2,876 veterinary technicians, accounting for 93.5% of active licenses. The total number of licenses that the Board oversaw in FY 2012 was 7,255. Table 3 below shows the number of active licenses by type for FY 2012.

License	Active Licenses
Veterinarian	4,041
Veterinary Business Facility	58
Veterinary Specialist	133
Veterinary Technician	2,876
Limited License	84
Limited License – Ohio Resident	50
Temporary License	10
Provisional License	3
Total	7,255

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 received 122 complaints in FY 2010. That number increased to 144 complaints in FY 2012. DVM expects this number to continue to rise due to Internet access and growing consumer awareness of the procedure for filing a complaint. During FY 2012, DVM entered into 16 settlement agreements, denied one Veterinary Facility License after adjudication, and collected approximately \$15,000 in fines. Overall, the Board estimated that it avoided \$48,000 in adjudication costs as a result of the settlement agreements.

Veterinary Student Loan Program (888602)

Veterinary Student Loan Repayment Fund (Fund 5BU0) appropriation item 888602, Veterinary Student Loan Program, is used to reimburse veterinary students interested in large animal medicine, regulatory services, or veterinary public health in areas of the state where these professional services are lacking. The awards 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, recipients must stay in Ohio for at least one year; if the grant is greater than \$10,000, recipients must stay in Ohio for at least two years. In FY 2012, DVM transferred \$38,020 to Fund 5BU0, the amount collected from the \$10 portion of every license renewal between July 1, 2011 and June 30, 2012. In FY 2012, the Board awarded two grants totaling \$24,000. Two grants totaling \$20,000 have been awarded in FY 2013.

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Veterinary Medical Licensing Board

General Services Fund Group

4K90 888609 Operating Expenses

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$296,181	\$283,965	\$296,549	\$319,857	\$337,432	\$331,695
	-4.1%	4.4%	7.9%	5.5%	-1.7%

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; Section 413.10 of Am. Sub. H.B. 153 of the 129th G.A. (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. The Board renews licenses on a biennial basis.

5BU0 888602 Veterinary Student Loan Program

FY 2010 Actual	FY 2011 Actual	FY 2012 Actual	FY 2013 Estimate	FY 2014 Introduced	FY 2015 Introduced
\$27,500	\$32,391	\$29,000	\$30,000	\$30,000	\$30,000
	17.8%	-10.5%	3.4%	0.0%	0.0%

Source: General Services Fund Group: \$10 of each veterinary license or limited license biennial renewal fee

Legal Basis: ORC 4741.46; Section 413.10 of Am. Sub. H.B. 153 of the 129th G.A. (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. Two grants totaling \$24,000 were awarded in June 2012.

FY 2014 - FY 2015 Introduced Appropriation Amounts

All Fund Groups

Line Item Detail by Agency			FY 2012	Estimate FY 2013	Introduced FY 2014	FY 2013 to FY 2014 % Change	Introduced FY 2015	FY 2014 to FY 2015 % Change
Report For Main Operating Appropriations Bill			Version: As Introduced					
DVM Veterinary Medical Licensing Board								
4K90	888609	Operating Expenses	\$ 296,549	\$ 319,857	\$ 337,432	5.49%	\$ 331,695	-1.70%
5BU0	888602	Veterinary Student Loan Program	\$ 29,000	\$ 30,000	\$ 30,000	0.00%	\$ 30,000	0.00%
General Services Fund Group Total			\$ 325,549	\$ 349,857	\$ 367,432	5.02%	\$ 361,695	-1.56%
Veterinary Medical Licensing Board Total			\$ 325,549	\$ 349,857	\$ 367,432	5.02%	\$ 361,695	-1.56%