

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 \$382,195 in FY 2016 and \$388,195 in FY 2017
- Six grants totaling \$39,900 issued under the Veterinary Student Loan Repayment Program in the FY 2014-FY 2015 biennium

OVERVIEW

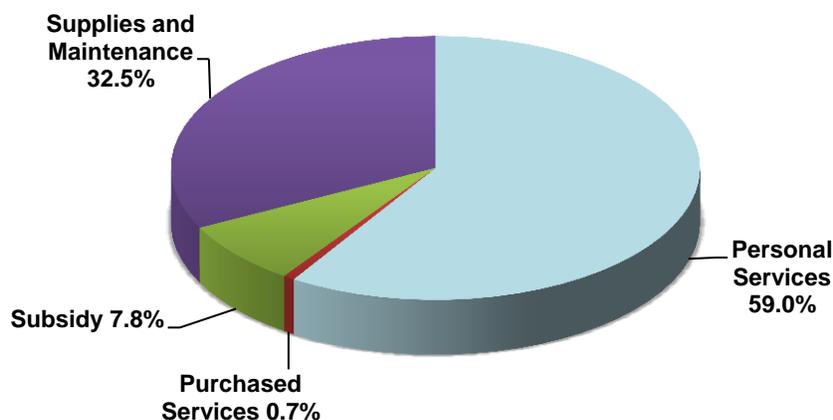
Agency Overview

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 \$382,195 in FY 2016, an increase of 5.7% when compared to estimated FY 2015 spending of \$361,695. The recommended funding for FY 2017 is \$388,195, or 1.6% higher than the amount recommended for FY 2016. As with many other licensing boards, payroll and fringe benefit costs are the largest operating expense, accounting for approximately 59.0% of recommended funding for the biennium. Supplies and maintenance account for almost 32.5% of the proposed funding. Subsidies, which consist of awards issued under the Veterinary Student Loan Repayment Program, account for over 7.8% of the recommended budget. The remaining 0.7% is for purchased personal services.

Chart 1: Executive Budget Recommendations by Expense Category, FY 2016-FY 2017



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. Altogether, DVM spent \$21,648 during FY 2014 on investigatory services, and anticipates spending an estimated \$25,000 in FY 2015 for these purposes. Additionally, DVM was able to conduct 22 random inspections of facilities during FY 2014. In the previous biennium, the average cost of a compliance inspection was \$206 per inspection and the average cost of an onsite investigation as a result of a written complaint was \$970.

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 will pay approximately \$10,606 in CSA charges in FY 2015, and an estimated \$11,677 in FY 2016 and \$11,889 in FY 2017. The Board is also responsible for covering the biennial audit conducted by the Auditor of State. The previous biennial audit cost \$11,146. Additionally, DVM has been experiencing increasing rent costs over the past biennium. DVM's rent cost in FY 2013 was \$10,021. In FY 2014, rent increased to \$15,687, and FY 2015 rent expenses are anticipated to be just under \$18,000.

Statutory Changes Proposed Under H.B. 64

H.B. 64 proposes some changes to the fees imposed by DVM. First, the bill eliminates a \$50 fee charged for an individual to make an application to take the Nationally Accredited Veterinary Licensing Examination (NAVLE). In FY 2014, 132 individuals applied to take the NAVLE examination, generating \$6,600 in fee revenue. However, the Board also incurred costs for postage and letterhead to mail out the

applicable documentation to the applicants. Additionally, the bill proposes an increase of \$50 for initial veterinary licenses, increasing the fee from \$375 to \$425 for initial licenses in an even-numbered year, and from \$250 to \$300 for initial licenses in an odd-numbered year. In FY 2014, there were 114 new licenses issued. Based on the new licenses issued in FY 2014, this fee increase would therefore generate an estimated \$5,700 in revenue.

License Fees

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 the Board remains relatively flat from year to year. The license types and their related fees are listed in Table 1 below. As indicated above, H.B. 64, proposes an increase to the initial veterinary license fee from \$375 to \$425.

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 2012-FY 2013 biennium, DVM's revenues exceeded total expenditures by \$418,393. For the FY 2014-FY 2015 biennium, revenues are anticipated to exceed expenses by \$334,434.

Table 2. Revenues and Expenditures, FY 2012-FY 2015 (Est.)				
	FY 2012	FY 2013	FY 2014	FY 2015 (Est.)
Revenue	\$756,656	\$257,510	\$752,140	\$257,460
Expenditures	\$296,549	\$299,224	\$343,441	\$331,695
Net	\$460,107	-\$41,714	\$408,669	-\$74,235

Veterinary Student Loan Repayment Program

In addition to its responsibilities in overseeing practitioners and operations in the veterinary medicine field, DVM 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. At its May 2013 meeting, DVM awarded three grants of \$5,000 each. During the May 2014 meeting, the Board awarded three grants of \$8,300 each. 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 2016	FY 2017
Dedicated Purpose Fund Group				
4K90	888609	Operating Expenses	\$352,195	\$358,195
5BU0	888602	Veterinary Student Loan Program	\$30,000	\$30,000
Total Funding: Veterinary Medical Licensing Board			\$382,195	\$388,195

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 \$352,195 in recommended funding to cover DVM operations for FY 2016 is approximately 6.2% more than estimated spending of \$331,695 for these purposes in FY 2015. The amount recommended for FY 2017 is \$358,195, a 1.7% increase when compared to the FY 2016 recommendation.

Licensing Activity

In FY 2014, there were 4,035 licensed veterinarians, and 3,420 veterinary technicians, accounting for 95.7% of active licenses. The total number of licenses that the Board oversaw in FY 2014 was 7,786. Table 3 below shows the number of active licenses by type for FY 2014.

License	Active Licenses
Veterinarian	4,035
Veterinary Business Facility	58
Veterinary Specialist	120
Veterinary Technician	3,420
Limited License	107
Limited License – Ohio Resident	37
Temporary License	6
Provisional License	3
TOTAL	7,786

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 126 complaints in FY 2014. During FY 2014, DVM entered into 34 settlement agreements, issued nine cease and desist letters, issued 16 advisory letters, issued one adjudication order, retired one license in lieu of discipline, and referred seven cases to a prosecutor or another state agency. DVM also collected \$32,214 in fines in FY 2014.

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 2014, DVM transferred \$39,360 to Fund 5BU0, the amount collected from the \$10 portion of every license renewal between July 1, 2013 and June 30, 2014. In FY 2014, the Board awarded three grants totaling \$15,000. Three grants totaling \$24,900 have been awarded in FY 2015.

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Veterinary Medical Licensing Board

Dedicated Purpose Fund Group

4K90 888609 Operating Expenses

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$296,549	\$299,224	\$343,441	\$331,695	\$352,195	\$358,195
	0.9%	14.8%	-3.4%	6.2%	1.7%

Source: Dedicated Purpose 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; Section 405.10 of Am. Sub. H.B. 59 of the 130th 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.

Internal Service Activity Fund Group

5BU0 888602 Veterinary Student Loan Program

FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Estimate	FY 2016 Introduced	FY 2017 Introduced
\$29,000	\$24,820	\$21,600	\$30,000	\$30,000	\$30,000
	-14.4%	-13.0%	38.9%	0.0%	0.0%

Source: Internal Service Activity Fund Group: \$10 of each veterinary license or limited license biennial renewal fee

Legal Basis: ORC 4741.46; Section 405.10 of Am. Sub. H.B. 59 of the 130th G.A. (originally established by Am. Sub. H.B. 66 of the 126th G.A.)

Purpose: This appropriation is used 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 for up to \$10,000 per year, with a \$20,000 maximum.

Appropriation Amounts as Recommended by the Governor

All Fund Groups

Line Item Detail by Agency	FY 2014	Estimate FY 2015	Introduced FY 2016	FY 2015 to FY 2016		Introduced FY 2017	FY 2016 to FY 2017		
				\$ Change	% Change		\$ Change	% Change	
Report For Main Operating Appropriations Bill			Version: As Introduced						
DVM Veterinary Medical Licensing Board									
4K90 888609 Operating Expenses	\$ 343,441	\$ 331,695	\$ 352,195	\$ 20,500	6.18%	\$ 358,195	\$ 6,000	1.70%	
Sub-Total Dedicated Purpose Fund Group	\$ 343,441	\$ 331,695	\$ 352,195	\$ 20,500	6.18%	\$ 358,195	\$ 6,000	1.70%	
5BU0 888602 Veterinary Student Loan Program	\$ 21,600	\$ 30,000	\$ 30,000	\$ 0	0.00%	\$ 30,000	\$ 0	0.00%	
Sub-Total Internal Service Activity Fund Group	\$ 21,600	\$ 30,000	\$ 30,000	\$ 0	0.00%	\$ 30,000	\$ 0	0.00%	
Veterinary Medical Licensing Board Total	\$ 365,041	\$ 361,695	\$ 382,195	\$ 20,500	5.67%	\$ 388,195	\$ 6,000	1.57%	
Grand Total	\$ 365,041	\$ 361,695	\$ 382,195	\$ 20,500	5.67%	\$ 388,195	\$ 6,000	1.57%	