

# Redbook

## LBO Analysis of Executive Budget Proposal

# Ohio Veterinary Medical Licensing Board

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# LBO Redbook

## Ohio Veterinary Medical Licensing Board

### Quick look...

- The Ohio Veterinary Medical Licensing Board is funded entirely by fees and assessments paid by professionals working in the veterinary field. The Board oversees approximately 9,865 active licenses.
- The Board consists of seven members appointed by the Governor. Day-to-day operations are handled by an executive director, a license coordinator, and one part-time clerk.
  - The Board contracts with the Department of Agriculture for inspections and investigations.
- The executive budget proposes total funding of \$474,238 in FY 2022 and \$470,278 in FY 2023.
  - The additional funding will be used to pay for increased eLicensing service costs, increased Worldpay costs, and greater inspection and investigation costs charged by the Department of Agriculture.
  - Uses of the budget include: 61.9% for personal services, 31.7% for supplies and maintenance, and 6.4% for the Veterinary Student Loan Repayment Program.

FY 2018 Actual	FY 2019 Actual	FY 2020 Actual	FY 2021 Estimate	FY 2022 Introduced	FY 2023 Introduced
<b>Fund 4K90 ALI 888609, Operating Expenses</b>					
\$376,807	\$366,745	\$407,208	\$435,046	\$444,238	\$440,278
% change	-2.7%	11.0%	6.8%	2.1%	-0.9%
<b>Fund 5BU0 ALI 888602, Veterinary Student Loan Program</b>					
\$46,000	\$0	\$20,000	\$30,000	\$30,000	\$30,000
% change	-100.0%	--	50.0%	0.0%	0.0%
<b>Total funding:</b>					
\$422,807	\$366,745	\$427,208	\$465,046	\$474,238	\$470,278
% change	-13.3%	16.5%	8.9%	2.0%	-0.8%

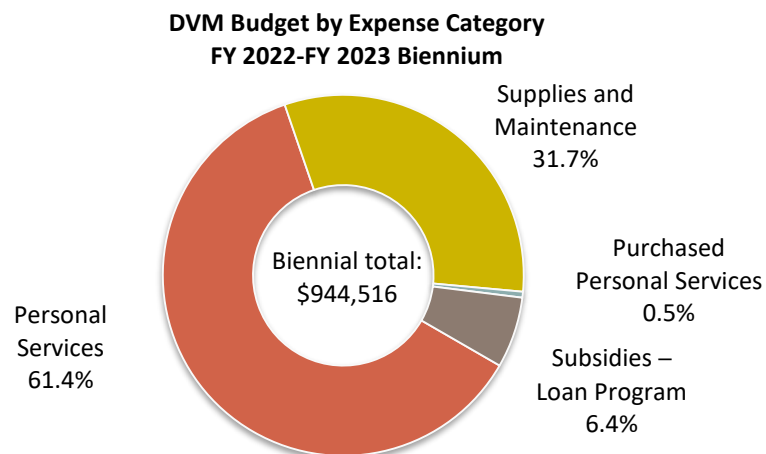
### Overview

The Ohio Veterinary Medical Licensing Board (DVM) ensures the professional and competent conduct of veterinarians and veterinary technicians throughout the state. The Board consists of seven members, five of whom must be licensed veterinarians and one whom must be a licensed veterinary technician. The remaining member represents the public. The Board confirms that applicants for licensure in the veterinary field have passed the proper exams, issues licenses, approves continuing education courses, and carries out disciplinary hearings when

necessary. It contracts with the Department of Agriculture to handle inspections and investigations. All of the Board's revenues come from licensing fees and other assessments. It receives no GRF funding. As of February 2021, the Board employed two full-time staff persons and one part-time clerk.

## Analysis of FY 2022-FY 2023 budget proposal

The chart below shows DVM's recommended biennial funding of \$944,516 for the FY 2022-FY 2023 biennium broken down by expense category. As with many other licensing boards, payroll and fringe benefit costs are the largest operating expense, accounting for \$579,978 (61.4%) of proposed spending over the biennium. Supplies and maintenance makes up \$299,538 of the total (31.7%). The amount for awards under the Veterinary Student Loan Repayment Program over the FY 2020-FY 2021 biennium accounts for \$60,000 (6.4%) of the recommended budget. The remaining \$5,000 (0.5%) is for purchased personal services.



## Operating Expenses (ALI 888609)

The Board's funding is entirely supported by licensing fees and other assessments that are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). This appropriation from Fund 4K90 is used to support general operating expenses, including payroll, supplies, and equipment. The Board employs three individuals: an executive director and a license coordinator (both full-time), and a clerk who works on a part-time basis. The increase of nearly \$10,000 between estimated spending of \$435,046 in FY 2021 and the recommended funding of \$444,238 in FY 2022 will be used to cover increases in eLicensing costs, an increase in surcharges for Worldpay, a payment processing vendor, and higher charges for inspections and investigations carried out by the Department of Agriculture.

A portion of operating costs is related to services provided by the Department of Administrative Services (DAS). DVM anticipates that its charges for the statewide eLicensing system will be approximately \$12,000 in FY 2021, rising to approximately \$20,000 in FY 2022 and \$22,000 in FY 2023. The Board also pays DAS for HR and fiscal services provided by the Central Services Agency. DAS also charges rent for the Board's space in the Riffe Center.

The Board contracts with the Department of Agriculture to handle veterinary office and facility inspections and investigations instead of hiring additional full-time staff for this purpose. Under this arrangement, DVM pays only for the hours and mileage of the person assigned to a specific inspection or investigation, significantly decreasing costs as compared to hiring a staff person to carry out these functions. Overall, DVM anticipates an increase in office and facility inspections and costs associated with the inspections to be incurred in the upcoming biennium as facilities are becoming open more regularly. DVM anticipates conducting between 120 and 125 random inspections per fiscal year in addition to investigations required due to written complaints. There were 86 such random inspections in FY 2019. Looking forward, the Department of Agriculture has indicated that the contract rate will increase by somewhere between three and five percent during the upcoming biennium.

### Operating revenues and expenses

Table 1 below shows the various licenses issued by the Board and the associated fees. All are renewed biennially. As mentioned above, fee revenue collected from the various licenses issued by DVM is deposited into Fund 4K90, a pooled operating fund used by many of Ohio's occupational licensing and regulatory boards and commissions.

Table 1. License Fees by Type	
License Type	Fee
Veterinarian	\$425/\$155
Veterinary Business Facility	\$300
Veterinary Specialist	\$50
Veterinary Technician	\$35
Limited License	\$35/\$155
Provisional Graduate License	\$100
Temporary Permit	\$100

Table 2 below shows DVM's revenue and expenditure history in recent fiscal years. The biennial renewal cycle causes 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 veterinarian 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. During the FY 2019-FY 2020 renewal cycle, revenues exceeded expenditures by approximately \$400,000.

Table 2. Revenues and Expenditures, FY 2015-FY 2020						
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenue	\$264,858	\$750,515	\$266,473	\$800,903	\$330,220	\$845,929
Expenses	\$292,244	\$343,915	\$343,966	\$376,807	\$366,745	\$407,208
Net	-\$27,386	\$406,600	-\$77,493	\$424,096	-\$36,525	\$438,721

## Licensing and investigation and enforcement statistics

In FY 2020, there were 4,612 licensed veterinarians and 4,621 veterinary technicians, for a total of 9,233 such active licenses. Overall, these two license types accounted for 96.3% of active licenses overseen by DVM in FY 2020. Table 3 below shows the number of active licenses by type for the current and two prior fiscal years and the percentage change between each fiscal year.

License Type	FY 2019	FY 2020	Percent Change	FY 2021	Percent Change
Veterinarian	4,697	4,612	-1.8%	4,712	2.2%
Veterinary Specialist*	120	70	-41.7%	165	135.7%
Veterinary Technician	4,277	4,621	8.0%	4,783	3.5%
Business Facility License	154	159	3.2%	180	13.2%
Limited License for Resident	30	18	-40.0%	31	72.2%
Limited License	147	170	15.6%	158	-7.1%
Provisional License	2	7	250.0%	1	-85.7%
Temporary License	4	1	-75.0%	0	-100%
<b>Total</b>	<b>9,311</b>	<b>9,588</b>	<b>3.0%</b>	<b>9,865</b>	<b>2.9%</b>

\*Specialty licenses are a separate license from Veterinarian license total. These individuals are required to hold both licenses.

The four Department of Agriculture investigators contracted by DVM conduct inspections of veterinary clinics to ensure that they conform to veterinary laws and Board standards. They also investigate credible complaints the Board receives. Overall, DVM received 199 total complaints in FY 2020. During that same fiscal year, DVM entered into 14 settlement agreements, issued 27 notices, issued 37 advisory letters, retired one license in lieu of discipline, and referred one case to a prosecutor or another state agency. The Board collected \$4,300 in fines in FY 2020.

## Veterinary Student Loan Program (ALI 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 may be used to cover tuition, other educational expenses, and room and board of up to \$10,000 per year with a \$20,000 maximum. 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. The Board awarded one grant totaling \$20,000 at its

May 2020 meeting. The amount recommended for this purpose is \$30,000 in each fiscal year of the FY 2022-FY 2023 biennium. The program is funded by the proceeds from a \$10 portion of every veterinarian license renewal. The amount transferred to Fund 5BU0 in FY 2020 was \$43,940.

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