

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 8,950 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 \$463,150 in FY 2020 and \$465,046 in FY 2021.
 - The additional funding will be used to pay for increased eLicensing service costs and greater inspection and investigation costs charged by the Department of Agriculture.
 - Uses of the budget include: 62.1% for personal services, 31.1% for supplies and maintenance, and 6.5% for the Veterinary Student Loan Repayment Program.

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
Fund 4K90 ALI 888609, Operating Expenses					
\$343,915	\$343,966	\$376,807	\$415,756	\$433,150	\$435,046
% Change	0.0%	9.5%	10.3%	4.2%	0.4%
Fund 5BU0 ALI 888602, Veterinary Student Loan Program					
\$20,000	\$0	\$46,000	\$30,000	\$30,000	\$30,000
% Change	-100.0%	--	-34.8%	0.0%	0.0%
Total funding:					
\$363,915	\$343,966	\$422,807	\$445,756	\$463,150	\$465,046
% Change	-5.5%	22.9%	5.4%	3.9%	0.4%

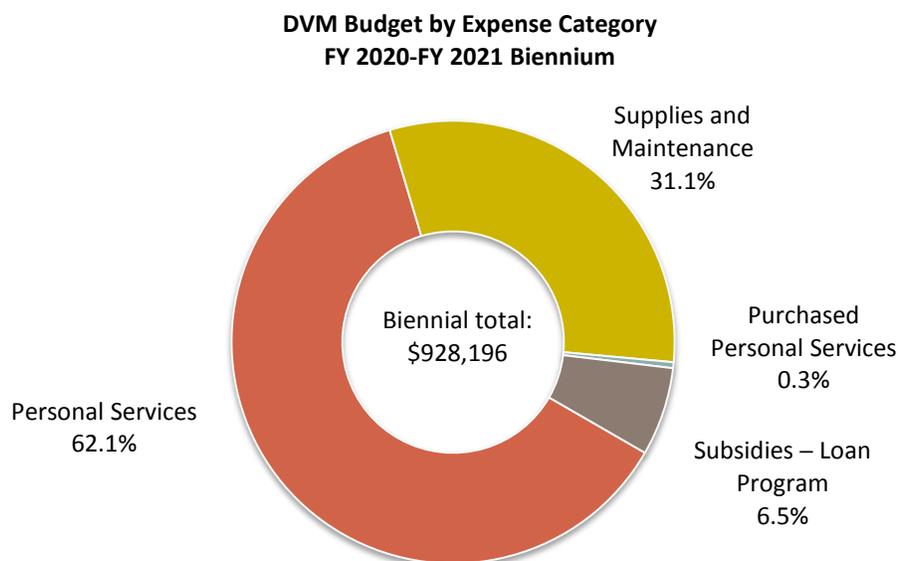
Overview

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 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 DVM's

revenues come from licensing fees and other assessments. It receives no GRF funding. As of February 2019, the Board employed two full-time staff persons and one part-time clerk.

Analysis of FY 2020-FY 2021 budget proposal

The chart below shows DVM's recommended biennial funding of \$928,196 for the FY 2020-FY 2021 biennium broken down by expense category. As with many other licensing boards, payroll and fringe benefit costs are the largest operating expense, accounting for \$576,432 (62.1%) of proposed spending over the biennium. Supplies and maintenance makes up \$288,764 of the total (31.1%). The amount for awards under the Veterinary Student Loan Repayment Program over the FY 2020-FY 2021 biennium accounts for \$60,000 (6.5%) of the recommended budget. The remaining \$3,000 (0.3%) 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, for the Ohio Veterinary Medical Licensing Board. 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 approximately \$18,000 between estimated spending of \$415,756 in FY 2019 and the recommended funding of \$433,150 in FY 2020 will be used to cover increases in eLicensing costs and higher charges for inspections and investigations carried out by the Department of Agriculture.

During the previous biennium, DVM transferred licensing services to the new state Enterprise eLicensing System. The Board's share of charges for operating on the legacy system overseen by the Department of Administrative Services (DAS) was approximately \$2,800 in FY 2018. DVM anticipates that its charges for the eLicensing system, with its additional features

including better system security, workflow, document management, payment processing, and case management, etc., will be approximately \$17,000 in FY 2019. The anticipated cost for the upcoming biennium is approximately \$15,000 each fiscal year. The Board is also responsible for covering the biennial audit conducted by the Auditor of State. DVM incurred costs of nearly \$10,000 for this audit during the current biennium.

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. There were 86 random inspections during FY 2018, fewer than normal because of staff retirements and leave at the Department of Agriculture. Overall, \$11,000 was spent on these services in FY 2018. There was no impact on investigations, which must be carried out once a valid complaint is received. Overall, DVM anticipates an increase in office and facility inspections and costs associated with the inspections to be incurred in FY 2019. Looking forward, the Department of Agriculture has indicated that the contract rate will increase by approximately 10.0% 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.

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. For example, during the FY 2017-FY 2018 renewal cycle, revenues exceeded expenditures by approximately \$350,000. Likewise, revenues exceeded expenditures by approximately \$380,000 during the FY 2015-FY 2016 renewal cycle, and by almost \$370,000 during the FY 2013-FY 2014 renewal cycle.

Table 2. Revenues and Expenditures, FY 2013-FY 2018

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenue	\$257,510	\$752,140	\$264,858	\$750,515	\$266,473	\$800,903
Expenses	\$299,224	\$343,441	\$292,244	\$343,915	\$343,966	\$376,807
Net	-\$41,714	\$408,669	-\$27,386	\$406,600	-\$77,493	\$424,096

Licensing and investigation and enforcement statistics

In FY 2018, there were 4,429 licensed veterinarians and 4,289 veterinary technicians, for a total of 8,718 such active licenses. Overall, these two license types accounted for 96.8% of active licenses overseen by DVM. By way of comparison, the total number of licenses that the Board oversaw in FY 2016 was 9,008. Table 3 below shows the number of active licenses by type for FY 2017 and FY 2018, as well as the current number of active licenses in FY 2019, and the percentage change between each fiscal year.

Table 3. Active Licenses by Type, FY 2017-FY 2019 (as of February 2019)

License Type	FY 2017	FY 2018	Percent Change	FY 2019	Percent Change
Veterinarian	4,397	4,429	0.7%	4,547	2.7%
Veterinary Specialist*	108	78	-27.8%	78	0.0%
Veterinary Technician	3,838	4,289	11.8%	4,068	-5.2%
Business Facility License	86	107	24.4%	139	29.9%
Limited License for Resident	11	36	227.3%	52	44.4%
Limited License	69	140	102.9%	134	-4.3%
Provisional License	10	3	-70.0%	0	N/A
Temporary License	10	4	-60.0%	1	-75.0%
Total	8,421	9,008	7.0%	8,941	-0.7%

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

As mentioned previously, DVM contracts with the Department of Agriculture for use of four full-time investigators. Investigators conduct inspections of veterinary clinics to ensure that they conform to veterinary laws and DVM standards. They also work on complaints the Board receives and which it deems necessary to investigate. Overall, DVM received 137 total complaints in FY 2018. During that same fiscal year, DVM entered into 19 settlement agreements, issued 23 notices, issued 46 advisory letters, retired one license in lieu of discipline, and referred three cases to a prosecutor or another state agency. The Board collected \$5,500 in fines during that same fiscal year.

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 amount recommended for this purpose is \$30,000 in each fiscal year of the FY 2020-FY 2021 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 2018 was \$43,120.

Under the Veterinary Student Loan Repayment Program, 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. The Board awarded two grants totaling \$20,000 at its May 2018 meeting.