

# 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 (DVM) is funded entirely by fees and assessments paid by professionals working in the veterinary field. The Board oversees approximately 10,423 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 \$464,000 in FY 2024 and \$718,000 in FY 2025.
  - Additional FY 2025 appropriations of \$250,000 are to issue awards under the Veterinary Student Debt Assistance Program.
  - Uses of the budget include: 51.6% for personal and purchased personal services, 23.9% for supplies and maintenance, and 24.5% for the Veterinary Student Loan Repayment, and Student Debt Assistance Programs.

FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Estimate	FY 2024 Introduced	FY 2025 Introduced
<b>Fund 4K90 ALI 888609, Operating Expenses</b>					
\$407,208	\$358,657	\$423,991	\$452,318	\$444,000	\$448,000
% change	-11.9%	18.2%	6.7%	-1.8%	0.9%
<b>Fund 5BU0 ALI 888602, Veterinary Student Loan Program</b>					
\$20,000	\$20,000	\$10,000	\$30,000	\$20,000	\$20,000
% change	-0.0%	-50.0%	200.0%	-33.3%	0.0%
<b>Fund 5YG0 ALI 888603, Veterinary Student Debt Assistance Program</b>					
\$0	\$0	\$0	\$300,000	\$0	\$250,000
% change	--	--	--	-100.0%	--
<b>Total funding:</b>					
\$427,208	\$378,657	\$433,991	\$782,318	\$464,000	\$718,000
% change	11.4%	14.6%	80.3%	-40.7%	54.7%

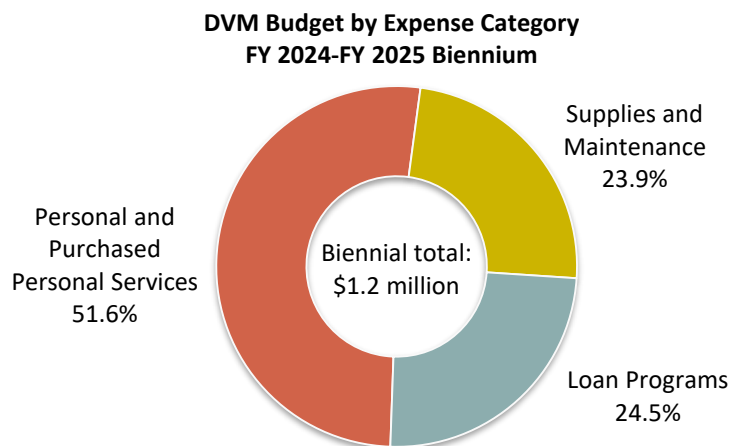
### Overview

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. DVM confirms that applicants for licensure in the veterinary field have passed the proper examinations, 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 revenue comes from licensing fees and other assessments. DVM receives no GRF funding. As of February 2023, the Board employed two full-time staff persons and one part-time clerk.

## Analysis of FY 2024-FY 2025 budget proposal

The chart below shows DVM's recommended biennial funding of just under \$1.2 million for the FY 2024-FY 2025 biennium broken down by expense category. As with many other licensing boards, payroll and fringe benefit costs represent a majority of operating expenses, accounting for approximately \$605,000 (51.1%) of proposed spending over the biennium. Supplies and maintenance, including rent, IT and other services provided by the Department of Administrative Services, makes up roughly \$282,000 of the total (23.9%). The amount for awards under both the Veterinary Student Loan Repayment Program and the Student Debt Assistance Program over the FY 2024-FY 2025 biennium accounts for \$290,000 (24.5%) of the recommended budget. The remaining \$6,000 (0.5%) is for purchased personal services.



## Highlights for FY 2024-FY 2025

### Veterinary student debt forgiveness

H.B. 67 of the 133<sup>rd</sup> General Assembly established the Veterinary Student Debt Assistance Program. The bill allows DVM, by means of a contract, to agree to repay all or part of educational loans taken out by a veterinarian while in college if certain criteria are met. The Board, by rule, requires veterinarians to have performed at least twelve hours of charitable veterinary services. Eligible students are selected through a lottery procedure established by DVM, and may receive loan forgiveness in an amount between \$5,000 and \$10,000.

These loan repayments are made through the Student Loan Debt Assistance Fund (Fund 5YG0). The fund consists of money received for issuing licenses and registrations deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90), calculated by a formula

consisting of revenues and expenditures from prior veterinary license renewal cycles. Specifically, the formula takes 90% of the sum of the total revenue credited to Fund 4K90 during the previous biennial period by DVM, minus the combined total of actual expenditures during the first fiscal year of the previous biennium, and the amount appropriated to the Board from Fund 4K90 during the second year of the biennium. Thus far, Fund 5YG0 has collected \$273,742 through this formula. DVM is currently receiving applications for debt assistance and will make the first awards under the program before the end of FY 2023. The budget provides \$250,000 in FY 2025 for future student debt assistance awards.

### **H.B. 509 licensure changes**

H.B. 509 of the 134<sup>th</sup> General Assembly made several modifications to license types and license fees for many occupational licensing boards. Specific to DVM, the bill reduced the fee for veterinary licenses in even-numbered years from \$425 to \$275, and to \$300 for licenses issued in odd-numbered years. License renewal fees remained unchanged. The bill also modified the initial registration fee for veterinary technicians to \$30 in both even and odd numbered years. The bill also eliminated the provisional licenses issued by DVM. These fee changes will not be implemented until the next biennium. During a full two year licensing cycle, DVM estimates that these changes will result in a revenue loss of approximately \$100,000.

### **Operating Expenses (ALI 888609)**

The recommended funding of \$444,000 under this ALI is a slight decrease (-1.8%) when compared to estimated spending of \$452,318 in FY 2023. The recommended funding for FY 2025 is \$448,000. This appropriation from Fund 4K90 is used to support general operating expenses, including payroll for the three employees and board member compensation, supplies, and equipment. A portion of operating costs is related to services provided by the Department of Administrative Services (DAS). The Board pays DAS for HR and fiscal services provided by the Central Services Agency, as well as rent for office space in the Riffe Center. In prior years, DVM was also charged for its share of costs for operating the eLicensing system. Under the proposed budget, those costs would be paid directly through DAS and not through DVM.

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 at a lower cost than employing its own inspector to carry out these functions. There were 50 random inspections in FY 2022. 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 with the removal of COVID-19 restrictions. 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.

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.

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Revenue	\$266,473	\$800,903	\$330,220	\$845,929	\$357,647	\$847,117
Expenses	\$343,966	\$376,807	\$366,745	\$407,208	\$358,657	\$423,991
Net	-\$77,493	\$424,096	-\$36,525	\$438,721	-\$1,010	\$423,126

### **Licensing and investigation and enforcement statistics**

In FY 2022, there were 4,813 licensed veterinarians and 4,803 veterinary technicians, for a total of 9,616 such active licenses. Overall, these two license types accounted for 95.1% of active licenses overseen by DVM in FY 2022. 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 2021	FY 2022	Percent Change	FY 2023	Percent Change
Veterinarian	4,895	4,813	-1.7%	4,955	2.9%
Veterinary Specialist*	163	78	-52.1%	159	103.8%
Veterinary Technician	4,506	4,803	6.6%	5,004	4.2%
Business Facility License	184	224	21.7%	249	11.2%

Table 3. Active Licenses by Type, FY 2021-FY 2023 (as of February 2023)

License Type	FY 2021	FY 2022	Percent Change	FY 2023	Percent Change
Limited License for Resident	18	37	105.6%	37	0.0%
Limited License	205	151	-26.3%	166	9.9%
Provisional License	4	3	-25.0%	6	100.0%
Temporary License	0	3	N/A	6	100.0%
<b>Total</b>	<b>9,976**</b>	<b>10,112</b>	<b>1.4%</b>	<b>10,423</b>	<b>3.1%</b>

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

\*\*FY 2021 total contains one military veterinary license.

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 202 total complaints in FY 2022. During that same fiscal year, DVM entered into 30 settlement agreements, issued 30 notices, issued 49 advisory letters, retired one license in lieu of discipline, and referred two cases to a prosecutor or another state agency. DVM collected \$13,067 in fines in FY 2022.

### **Veterinary Student Loan Program (ALI 888602)**

Veterinary Student Loan Repayment Fund (Fund 5BU0) ALI 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 program is funded by the proceeds from a \$10 portion of every veterinarian license renewal. The amount transferred to Fund 5BU0 in FY 2022 was \$46,020. 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 two grants totaling \$20,000 at its May 2022 meeting, but only one recipient ultimately agreed to the commitment. The amount recommended for this purpose is \$20,000 in each fiscal year of the FY 2024-FY 2025 biennium.

### **Veterinary Student Debt Assistance Program (ALI 888603)**

This ALI is used to repay educational loans taken out by a veterinarian participating in the Veterinary Student Debt Assistance Program. Under the program, a recipient must agree to provide 12 hours of charitable services annually and reside in Ohio for a period of time. Eligible individuals may receive loan forgiveness of between \$5,000 and \$10,000. The fund consists of money transferred into the fund from Fund 4K90 through a statutory formula previously. So far, approximately \$275,000 has been collected. The first awards will be made before the end of FY 2023. Because of the way the funding formula is designed, there will be no awards in FY 2024. The amount of recommended funding for this program in FY 2025 is \$250,000.