



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 150-20-100 – Regulations Governing the Practice of Veterinary Medicine Department of Health Professions (DHP), Board of Veterinary Medicine

April 19, 2002

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The proposed regulation increases various fees paid by veterinarians, veterinary technicians, and veterinary facilities to the Board of Veterinary Medicine. The purpose of these fee increases is to bring the Board into compliance with the Board's interpretation of § 54.1-113 of the Code of Virginia. Section 54.1-113 requires all regulatory boards under the Department of Health Professions to revise their fee schedules if, after the close of any biennium, there is more than a 10 percent difference between revenues and expenditures. The proposed fee changes are as follows:

Veterinarians

- The annual renewal or initial licensure fee for an active license will increase from \$125 to \$140;
- Annual renewal of an inactive license will increase from \$50 to \$70;
- The penalty for late renewal of a license will increase from \$25 to \$45;
- The reinstatement application fee for a license that has been revoked or suspended indefinitely will increase from \$200 to \$300;

Veterinary Technicians

- The annual renewal or initial licensure fee for an active license will increase from \$25 to \$30;
- Annual renewal of an inactive license will be set at \$20, currently inactive licensees pay the annual renewal fee of \$25;

Veterinary Facilities

- The initial application fee for a veterinary facility permit registration will increase from \$150 to \$200;
- The annual renewal fee will increase from \$50 to \$150;
- The penalty for late renewal of a license will increase from \$25 to \$50;
- The fee for reinspection or a change of location (which involves an inspection) will increase from \$150 to \$200;
- The fee to record a change of veterinarian-in-charge will increase from \$20 to \$30;

Miscellaneous fees

- The fee for licensure verification to another jurisdiction will be raised from \$10 to \$15.

Estimated Economic Impact

For the past several years, expenditures of the Board of Veterinary Medicine have exceeded revenue, but surpluses of previous years have delayed the need for a fee increase. The agency cites increases in staff salaries and benefits, expenses associated with new data systems and the health practitioner intervention program, and increases in the number of inspections required for veterinary facilities as factors contributing to the rising expenditures. By the conclusion of FY02, the carry-over income will be exhausted and, under the current fee structure, the Board of Veterinary Medicine projects a deficit of \$350,000 for the 2002-2004 biennium.¹ There has not been a fee increase for licensees under this board for 14 years. The level of the proposed fee increases is based on revenue and expenditure projections prepared by DHP for the Board of Veterinary Medicine. The proposed amounts were selected such that

¹ This figure reflects the difference of the projected FY2002-2004 expenditures (\$1,216,728) and the projected revenue under the current fee structure (\$904,850) added to the beginning balance of -\$42,266.

projected revenues would be sufficient to cover projected expenditures but would not result in anything more than a modest surplus.

The effect of the new fee schedule will be an increase in application and licensure costs for all veterinarians, veterinary technicians, and veterinary facilities licensed in Virginia. Specifically, renewal fees paid by licensed veterinary practitioners and facilities will increase by approximately \$135,000 per year. According to DHP, the proposed fee increases are necessary to prevent a delay in the performance or the elimination of investigations and disciplinary proceedings, application processing, and license renewals, a delay that could negatively affect public health and safety and reduce the supply of veterinary services in Virginia.

Although the total increase in compliance costs is substantial, from an individual perspective these fees represent a very small portion of the total cost of entry into the veterinary profession (e.g., the *total* cost of entry includes all education and training expenses). The proposed fee changes, therefore, are unlikely to have a significant effect on the decision of individuals to enter or exit this profession. For this reason, the proposed regulatory changes should have no economic consequences beyond the anticipated increase in licensing costs.

Businesses and Entities Affected

There are currently 2,924 veterinarians, 792 veterinary technicians, and 800 veterinary facilities licensed by the Board of Veterinary Medicine in Virginia.

Localities Particularly Affected

The proposed fee changes will not affect any particular localities since they apply statewide.

Projected Impact on Employment

Since the application and licensure renewal fees represent a very small portion of the total cost of entry into the veterinary profession, no significant impact on employment in Virginia is expected.

Effects on the Use and Value of Private Property

The proposed fee changes are not expected to have any significant effects on the use and value of private property in Virginia.