LEGISLATIVE FISCAL OFFICE

2025-27 Budget Review

Health-Related Licensing Boards

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	8,085,421	9,825,831	10,668,791	10,541,626
Total Funds	**8,085,421**	**9,825,831**	**10,668,791**	**10,541,626**
Positions	23	24	24	24
FTE	22.15	23.25	23.25	23.50

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The Health-Related Licensing Board (HRLB) consists of six independent boards combined into one agency for budgetary reporting. However, each Board operates independently and has a separate expenditure limitation that is approved by the Legislature. The Boards are:

- Oregon Mortuary and Cemetery Board (OMCB)
- Oregon Board of Naturopathic Medicine (OBNM)
- Occupational Therapy Licensing Board (OTLB)
- Oregon Board of Medical Imaging (OBMI)
- Board of Examiners for Speech-Language Pathology and Audiology (BSPA)
- Oregon Veterinary Medical Examining Board (OVMEB)

CURRENT SERVICE LEVEL

The current service level (CSL) budget for all Boards includes statewide adjustments for payroll expenses and standard inflation. The CSL budget for each board also included above standard inflation for increased costs of budget and accounting services provided by the Department of Administrative Services (DAS) Shared Financial Services and Payroll Services.

GOVERNOR'S BUDGET SUMMARY

The individual HRLBs all share office space in the Portland State Office Building. OBMI and OMCB have their own office suites, while OBNM, OTLB, BSPA, and OVMEB share a suite along with a semi-independent state agency, the Board of Physical Therapy. All seven agencies have a shared conference room and other shared space. Because space is shared among these agencies, any changes to office space must be agreed upon by all impacted agencies. The Governor's budget for almost all agencies

includes either an increase or decrease in rent expenses for the 2025-27 biennium due to agreed upon changes to the HRLB office footprint.

Other substantive items in the Governor's budget include a fee increase for OVMEB, the agency's first since 2014; and a variety of reductions to services and supplies expenditure categories for OBNM due to a revenue shortfall.

Mortuary and Cemetery Board

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	2,735,214	3,215,327	3,493,101	3,534,631
Total Funds	**2,735,214**	**3,215,327**	**3,493,101**	**3,534,631**
Positions	7	7	7	7
FTE	7.00	7.00	7.00	7.00

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The Oregon Mortuary and Cemetery Board (OMCB) is responsible for licensing and regulating the practice of individuals and facilities engaged in the care, preparation, processing, transportation, and final disposition of human remains. The Board licenses or registers funeral service practitioners, embalmers, apprentices, interns, pre-need salespeople, funeral establishments, immediate disposition companies, cemeteries, and crematories. The Board consists of 11 members appointed by the Governor: two funeral service practitioners, one embalmer, three cemetery representatives, one crematory operator, and four public members, with one public member from an association representing older adults. The Board is funded solely by Other Funds revenue from license and examination fees, and a $14 portion of the $30 death certificate filing fee.

In addition to the Board's general operations expenses, the death certificate filing fee funds the Indigent Disposition Program (IDP). Per statute, $16 of the $30 death filing fee is required to be used for the IDP Fund. Established in 1993, the IDP provides licensed funeral establishments an opportunity to seek reimbursement from the Board for the costs that they incur while taking care of the final disposition of unclaimed indigent bodies. Prior to the 1993 legislation, the responsibility for paying for indigent disposition fell solely to the county. In 2015, the Oregon Legislature reworked the requirements of the program, moving management from the Oregon Health Authority Public Health Division to OMCB. Due to a revenue shortfall, the death certificate filing fee increased from $20 to $30 as of January 1, 2022, with the additional $10 going to the IDP Fund. The fee was last raised in 2009, and this increase is anticipated to keep the fund solvent through the 2025-27 biennium.

BUDGET ENVIRONMENT

Licensee Numbers

As of June 2024, OMCB had a total of 1,645 licensees, including 833 individual licenses and 812 licensed facilities. Due to discrepancies in how individual licensee numbers were accounted for until 2022, it is difficult to determine long-term individual licensing trends. However, the number of licensees has remained relatively flat since October 2022, with 1,679 total licensees, including 851 individual licenses and 828 licensed facilities. Anecdotally, there may have been some impact on licensee numbers in recent years due to the demands of the COVID-19 pandemic, consolidation in the industry, and people aging out of the profession.

Changing role in regulation

Disposition practices are changing, and this could impact OMCB operations in the long-term. Legislation passed in recent years authorized alternative disposition practices including alkaline hydrolysis and natural organic reduction. While there have not been many licenses issued to provide these services in Oregon, changes to how people choose to handle disposition of human remains will require the Board to adopt different licensing and inspection processes and to adapt to the differing demands of these practices.

Laws around licensing and regulation of funeral homes, funeral service practitioners, and other aspects of this industry vary widely across the United States. Given that there is no uniform approach to regulation of this industry, the agency will likely need to continue to evolve to ensure that they are protecting and meeting the needs of Oregonians.

Revenue needs

Board operations are primarily funded by a portion of the death certificate filing fee (as noted above, the remainder of the fee is dedicated to the IDP), and to a lesser extent, by licensing fees. The death certificate filing fee generates revenue year-round, while licensing revenues spike November through January of each year when they are renewed. The Board likely needs to maintain an ending balance equivalent to six months of operating reserves, though may be able to operate with less in reserve since funds from the death certificate filing fee are received continuously.

Most of the reserve funds are dedicated to the IDP. It is estimated that the amount of reserve funds currently available for operational expenditures, and not dedicated to the IDP, is equivalent to approximately 8.5 months of operating costs. It is possible that agency will need to consider a fee increase in coming biennia. The Board has not raised licensing fees since 2004.

CURRENT SERVICE LEVEL

The 2025-27 current service level (CSL) budget for the Board is $3.5 million Other Funds and seven positions (7.00 FTE). The current service level budget is $277,774, or 8.6%, more than the 2023-25 legislatively approved budget.

The Legislative Fiscal Office estimates that as of September 2024, the Board's ending balance for the 2025-27 biennium at CSL will total $2.2 million, equivalent to approximately 14.9 months of operating expenses. However, some of these funds are dedicated to the IDP and not available for general agency expenses.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget for the Board totals $3.5 million Other Funds, which includes an increase of $41,530, or 1.2%, from current service level. The Governor's budget increases Other Funds expenditure limitation available for rent by $62,144 due to increases in office space.

KEY PERFORMANCE MEASURES

OMCB has reliably exceeded the target for KPM #2, Complaint Investigation, which tracks the percent of investigative reports completed within six months of a complaint from any person against a licensee. This target may need to be revised upward in line with this trend.

The agency has considered but not yet finalized a new KPM related to timely issuance of licenses.

A copy of the Mortuary and Cemetery Board Annual Performance Progress Report can be found on the LFO website: https://www.oregonlegislature.gov/lfo/APPR/APPR_OMCB_2024-10-28.pdf

Board of Naturopathic Medicine

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	1,056,997	1,193,030	1,285,177	1,168,238
Total Funds	**1,056,997**	**1,193,030**	**1,285,177**	**1,168,238**
Positions	3	3	3	3
FTE	3.00	3.00	3.00	3.00

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The mission of the Oregon Board of Naturopathic Medicine (OBNM) is to protect the public by licensing and regulating naturopathic physicians and certifying practitioners qualified to perform natural childbirth. The Board determines the qualifications and fitness of applicants for licensure; establishes standards of professional responsibility, practice, and continuing education for licensees; and investigates complaints concerning violations of those standards and determines the appropriate sanction when a violation is found. The seven-member Board, appointed by the Governor, includes five licensed Naturopathic physicians and two public members.

OBNM is funded solely by Other Funds revenue, primarily from license, certification, and examination fees. The Board operates on an annual licensure renewal cycle with most active licenses renewed in November and December each year. OBNM requires an ending balance equivalent to approximately six months of operating reserves due to this license renewal cycle.

BUDGET ENVIRONMENT

OBNM increased fees in 2020 and 2023. OBNM has around 1,200 active licensees, a number which has not grown substantially since 2020. Due to declining enrollment in naturopathy schools, the number of licensees is anticipated to remain flat. With relative stagnant licensee growth, OBNM will likely need to continue raising fees to keep up with rising operational costs.

CURRENT SERVICE LEVEL

The 2025-27 current service level (CSL) budget for the Board is $1.3 million Other Funds and three positions (3.00 FTE). The CSL budget is $92,147, or 7.7%, more than the 2023-25 legislatively approved budget.

The Legislative Fiscal Office estimates that as of September 2024, the Board's ending balance for the 2025-27 biennium at CSL will total $148,310, equivalent to approximately 2.8 months of operating expenses. The Board will likely need to increase fees during the 2025-27 biennium, or during the 2027-29 budget development cycle.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget for the Board totals $1.2 million Other Funds, a decrease of $116,939, or 9.1%, from current service level. The Governor's budget includes reductions totaling $108,348, with reductions primarily made to rent, Attorney General fees, and instate travel.

The Board requires an ending balance equivalent to six months of reserves, but the Agency Request Budget included no fee increases or cost reductions to mitigate an anticipated shortfall during the 2025-27 biennium. Based on updated revenue projections provided in September 2024, the Legislative Fiscal Office estimates that at Governor's budget, the Board's ending balance for the 2025-27 biennium will total approximately $274,009, which is equivalent to approximately 5.6 months of operating expenses.

KEY PERFORMANCE MEASURES

A copy of the Board of Naturopathic Medicine Annual Performance Progress Report can be found on the LFO website: https://www.oregonlegislature.gov/lfo/APPR/APPR_OBNM_2024-10-10.pdf

Occupational Therapy Licensing Board

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	585,917	755,948	816,273	792,907
Total Funds	**585,917**	**755,948**	**816,273**	**792,907**
Positions	2	2	2	2
FTE	1.65	1.50	1.50	1.50

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

Established in 1977, the mission of the Occupational Therapy Licensing Board (OTLB) is to protect the public by supervising occupational therapy practice and assuring safe and ethical delivery of occupational therapy services in Oregon. The Board develops policy and sets standards of practice; reviews applications and issues licenses to qualified applicants; investigates complaints; takes appropriate disciplinary action when violations are found to have occurred; and monitors and enforces continuing education requirements. The five-member Board, appointed by the Governor, includes three licensed occupational therapists and two public members. The Board is funded solely by Other Funds received from license application and renewal fees, limited permit fees, civil penalties, the sale of licensee lists, and interest.

BUDGET ENVIRONMENT

OTLB had seen fairly steady growth in licensee numbers until recent years. Between 2007 and 2020, the number of Occupational Therapy licensees nearly doubled, from approximately 1,500 licensees in 2007 to a peak of over 3,000 practitioners early in 2020. However, starting in April 2020, renewals dropped by 22%, to about 2,400 licensees, due in part to the outbreak of COVID-19 causing some therapists to retire earlier than originally planned. The Board renews all licenses every two years, and in the most recent renewal periods (2022 and 2024), the Board again saw numbers rise to over 3,000 licensees over the course of the biennium, before declining 24% during each renewal period. This means that actual growth has been relatively flat for the past three biennia, with 2,526 total licensees as of July 2020, and 2,541 as of July 2024. A continued lack of growth in licensing may make it difficult for OTLB to maintain services without regularly increasing fees, which will likely be needed during the 2027-29 biennium. Fees were most recently increased during the 2021-23 and 2023-25 biennia.

Despite this lack of growth in licensee numbers, the number of people training in occupational therapy in Oregon should continue to grow, judging from increased demand at schools of occupational therapy in Oregon, including the Occupational Therapy Assistant School at Linn-Benton Community College, and a doctorate program at the Pacific University School of Occupational Therapy. In 2024, another two Occupational Therapy schools will be opening in Oregon, at the Western University College of Health Sciences, and George Fox University. Additionally, according to the Oregon Healthcare Workforce Needs Assessment, employment growth for occupational therapists is approximately 12%, making it one of the fastest growing health care professions.

In addition to anticipated growth from in-state practitioners, the Board continues to see a number of contract occupational therapists who become licensed to work in the state on a temporary basis. It is estimated that around 40% of non-renewals each biennium are from contract therapists, based on the number of licensees who do not renew after their initial license or endorsement.

CURRENT SERVICE LEVEL

The 2025-27 current service level (CSL) budget for the Board is $816,273 Other Funds and two positions (1.50 FTE). The current service level budget is $60,325, or 8%, more than the 2023-25 legislatively approved budget.

The Legislative Fiscal Office estimates that as of September 2024, the Board's ending balance for the 2025-27 biennium at CSL will total $358,967, equivalent to approximately 10.6 months of operating expenses. The Board requires an ending balance equivalent to approximately nine months, as most of the agency's revenue is received in March through May of even numbered years, when licenses are renewed.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget for the Board totals $792,907 Other Funds, a decrease of $23,366, or 2.9%, from current service level. The Governor's budget decreases Other Funds expenditure limitation available for rent by $18,734 due to decreases in office space.

KEY PERFORMANCE MEASURES

A copy of the Occupational Therapy Licensing Board Annual Performance Progress Report can be found on the LFO website: https://www.oregonlegislature.gov/lfo/APPR/APPR_OTLB_2024-07-31.pdf

Board of Medical Imaging

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	1,425,402	1,623,421	1,762,177	1,806,246
Total Funds	**1,425,402**	**1,623,421**	**1,762,177**	**1,806,246**
Positions	4	4	4	4
FTE	3.75	3.75	3.75	4.00

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The Oregon Board of Medical Imaging (OBMI) promotes, preserves, and protects the public health, safety, and welfare of Oregonians undergoing medical imaging performed by licensees for the purpose of medical diagnosis and therapy. The twelve-member Board is appointed by the Governor and includes four licensed physicians who represent different medical specialties, three public members, and one member from each of the five major medical imaging modalities (MRI technology, nuclear medicine technology, radiation therapy, radiology therapists, and limited x-ray machine operators). The Board establishes licensure standards; oversees initial examinations for limited x-ray machine operators; provides oversight and authorization to educational institutions that offer initial education programs for limited x-ray permits; and investigates violations of licensure statutes and rules.

The Board is funded by Other Funds primarily from initial licensing and renewal application fees charged to medical imaging technologists from the following modalities: MRI, nuclear medicine, radiation therapy, radiography, sonography, and limited X-ray machine operators. The Board also receives revenues for limited scope examinations, as well funds from civil penalties and interest. Currently, there are over 8,600 individuals with a two-year permanent license or limited x-ray permit. A license or permit expires biennially on the first day of the birth month of the licensee. OBMI requires an ending balance equivalent to approximately three months of operating reserves due to this license renewal cycle.

BUDGET ENVIRONMENT

The Board’s revenue has increased substantially over the past few biennia, though the increases are largely anticipated to be temporary. The Board raised all fees in 2021, the first fee increase in 10 years. Simultaneously, the Board saw temporary licensure spikes that occurred during and just after the COVID-19 pandemic due to a rise in traveling technologists, and in 2023 during a hospital labor strike. Additionally, OBMI has seen increased civil penalty collections since 2020, when the Board began enforcing a rule that had not previously been prioritized—holding facilities responsible for employing individuals to practice medical imaging without a current Oregon license or permit. This infraction carries a daily fine, though these revenues are anticipated to trail off as more medical establishments put systems into place to appropriately verify licensure. The Board anticipates that licensure numbers will continue to increase 9% annually, following the trend of the past six years.

CURRENT SERVICE LEVEL

The 2023-25 current service level (CSL) budget for the Board is $1.8 million Other Funds and four positions (3.75 FTE). The CSL budget is $138,756, or 8.5%, more than the 2023-25 legislatively approved budget.

The Legislative Fiscal Office estimates that as of September 2024, the Board's ending balance for the 2025-27 biennium at CSL will total $2.4 million Other Funds, equivalent to 32.4 months of operating expenses. This is due to a substantial and continuing increase in licensing numbers, as well as increased civil penalty collections by the Board over the past three biennia.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget for the Board totals $1.8 million Other Funds, which includes an increase of $44,069, or 2.5%, from current service level. The Governor's budget for OBMI includes two policy option packages, which would increase an existing Investigator position from 0.75 to 1.00 FTE, and reclassify the position from an Investigator 2 to a Health Care Investigator/Advisor, at a total cost of $66,433 Other Funds. This position was approved to increase from 0.50 to 0.75 FTE in 2022 due to an increased caseload. A further increase is being requested due to an increase in unprofessional conduct cases which take more time to investigate.

KEY PERFORMANCE MEASURES

A copy of the Board of Medical Imaging Annual Performance Progress Report can be found on the LFO website: https://www.oregonlegislature.gov/lfo/APPR/APPR_OBMI_2024-07-03.pdf

Board of Speech-Language Pathology and Audiology

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	1,068,097	1,303,466	1,359,733	1,316,857
Total Funds	**1,068,097**	**1,303,466**	**1,359,733**	**1,316,857**
Positions	3	3	3	3
FTE	3.00	3.00	3.00	3.00

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The mission of the Board of Speech-Language Pathology and Audiology (BSPA) is to protect the public by licensing and regulating the performance of speech-language pathologists, speech-language pathology assistants, and audiologists. The Board regulates the professional practice of speech-language pathology and audiology through licensing and ongoing monitoring of licensees, including investigating professional competence and conduct. The eight-member Board, appointed by the Governor, includes two audiologists, two licensed speech-language pathologists, one speech-language pathology assistant, one medical doctor who holds Board certification from the American Board of Otolaryngology, and two public members.

BSPA is supported solely by Other Funds. Approximately 99% of all agency revenue comes from licensing fees, with the remainder provided through delinquent fees, civil penalties, interest income, and sales of mailing lists. License renewals are done on a biennial basis, and all regular licenses must be renewed by December 31 of odd numbered years to be considered timely. This creates a very uneven revenue cycle with the majority of BSPA's revenue historically realized in November/December/January of each new biennium. For cash flow purposes, the Board requires the equivalent of at least five to seven months operating reserves.

BUDGET ENVIRONMENT

Recently, the number of BSPA licensees has increased by more than 10% in each biennium. Between July 2018 and July 2022, the total number of licensees increased from 2,771 to 3,510, an increase of 26.6% over those four years. As of September 2024, the agency had 3,878 total licensees. Although the agency does not foresee the need for additional staff at this time, increasing numbers of licensees could eventually lead to the need for additional regulatory or licensing resources.

The agency has seen an increasing number of out of state residents obtaining licenses so that they can provide telepractice services to Oregonians from their home states; more than 55% of all new licensees live out of state. Many other states require that SLPs have an educator license in addition to SLP credentials, which makes Oregon an attractive place to practice.

The majority of U.S. states participate in the Audiology and Speech-Language Pathology Interstate Compact. Joining this compact would require BSPA to recognize licenses issued to audiologists and speech-language pathologists in other states that participate in the compact. Adding Oregon to the

compact has come up during prior legislative sessions—for example, HB 3118 (2021) would have allowed Oregon to join the compact—however, this measure was never heard in committee and was determined by Legislative Counsel to be unconstitutional. The idea of joining the compact or participating in some other form of reciprocal licensure continues to be discussed. Should Oregon join a licensure compact, this would have significant financial ramifications for BSPA due to the large number of current licensees who are from out of state and would likely pay a reduced fee under the compact.

CURRENT SERVICE LEVEL

The 2023-25 current service level (CSL) budget for the Board is $1.4 million Other Funds and three positions (3.00 FTE). The CSL budget is $56,267, or 4.3%, more than the 2023-25 legislatively approved budget.

The Legislative Fiscal Office estimates that as of September 2024, the Board's ending balance for the 2025-27 biennium at CSL will total $1.5 million in reserves, equivalent to 25.6 months of operating expenses, due to the significant, and continuing, increase in licensing numbers. Additionally, the Board had unanticipated vacancy savings during the 2023-25 biennium that added to its reserves.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget for the Board totals $1.3 million Other Funds, a decrease of $42,876, or 3.2%, from current service level. The Governor's budget decreases Other Funds expenditure limitation for rent by $26,935 due to decreases in office space.

OTHER SIGNIFICANT ISSUES

The Board faces an ongoing issue related to speech-language pathology assistant (SLPA) supervision. SLPAs are required to have a designated supervising speech-language pathologist (SLP). The SLP is responsible for making all diagnostic and treatment related decisions for all clients on a caseload, must meet with patients every 60 days to treat or co-treat with the assistant, and must fulfill other supervisory requirements. There is persistent confusion about the roles and responsibilities of SLPAs and their requirement to work under the supervision of a licensed SLP, and in some cases SLPAs are relied on to provide most clinical services without proper safeguards to ensure they are in compliance with the Board's rules. Continued work in this area will be required of the Board to ensure that patients receive adequate treatment.

KEY PERFORMANCE MEASURES

The Board has proposed a revision of KPM #1, which relates to the percentage of school districts in compliance with SLPA supervision requirements. Under the current KPM, if only one SLP in a school district has failed to meet all SLPA supervision requirements, the whole school district will fail the SLPA supervision audit. The revised KPM will change the agency's auditing process, to include grading school district and education service district audits instead of using a pass/fail system for SLPA supervision. The new KPM target will be based on the percentage of school districts and education service districts that achieve a passing grade on SLPA supervision audits.

The Board has also proposed a new KPM, to look at the percentage of individual SLPs (in school districts, education service districts, and private practices) that achieve a passing grade on SLPA supervision audits. This KPM will allow BSPA to differentiate between SLPA supervision issues that originate from systemic issues in schools versus individual failure to follow supervision requirements, while also incorporating private practice audit results.

A copy of the Board of Speech-Language Pathology and Audiology Annual Performance Progress Report can be found on the LFO website:
https://www.oregonlegislature.gov/lfo/APPR/APPRProposed_BSPA_2024-10-17.pdf

Veterinary Medical Examining Board

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
Other Funds	1,213,794	1,734,639	1,952,330	1,922,747
Total Funds	**1,213,794**	**1,734,639**	**1,952,330**	**1,922,747**
Positions	4	5	5	5
FTE	3.75	5.00	5.00	5.00

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The Oregon Veterinary Medical Examining Board (OVMEB) was established in 1903 to test, license, monitor, and regulate practitioners of veterinary medicine in the state. The Board's mission is to protect animal health and welfare, public health, and consumers of veterinary services. OVMEB establishes licensing requirements and monitors the professional conduct of veterinarians, veterinary technicians, euthanasia shelters, and euthanasia technicians; investigates consumer complaints and takes appropriate remedial or disciplinary action; and regulates the veterinary professions in Oregon through enforcement of the Veterinary Practice Act. The Board includes eight members appointed by the Governor: five members licensed to practice veterinary medicine, surgery, and dentistry in Oregon; two public members; and one certified veterinary technician.

OVMEB is funded solely by Other Funds revenue. Due to the license renewal cycle, the Board requires an ending balance equivalent to at least six months of operating reserves. Almost all licenses expire annually on December 31.

BUDGET ENVIRONMENT

The number of investigations conducted by the Board has increased substantially in the past few biennia. During just the first year of the 2023-25 biennium, the Board opened 197 cases and found 43 violations. Comparatively, the Board has usually had between 181 and 299 cases each biennium over the past decade, and the number of violations during the first year of the current biennium is more than double the previous high of 20 violations in the entire 2015-17 biennium. A new Investigator position was included in the Board's 2023-25 budget, and the agency was able to close 274 cases in the first year of the 2023-25 biennium, clearing almost all cases that were more than a year old.

Fees were last increased in 1993 and 2014, with facility inspection/registration fees added in 2016. The number of individual licensees has increased by 18.6% over the past decade, growing from 3,757 to 4,456 licensed veterinarians, veterinary technicians, interns, and euthanasia technicians. The Board has also issued over 700 facility registrations since these registrations began in 2016. This growth has enabled the Board's ending balance to sustain operations for the past few biennia, and the Board is projected to enter 2025-27 with a six-month reserve. However, this ending balance is projected to be down to only one month by biennium's end, and necessitates a fee increase proposal in the 2025 session.

CURRENT SERVICE LEVEL

The 2025-27 current service level (CSL) budget for the Board is $2 million Other Funds and includes five positions (5.00 FTE). The current service level budget is $217,691, or 12.6%, more than the 2023-25 legislatively approved budget.

The Legislative Fiscal Office estimates that as of September 2024, the Board's ending balance for the 2025-27 biennium at CSL will total $79,573, equivalent to one month of operating expenses.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget for the Board totals $1.9 million Other Funds, which includes a decrease of $29,583, or 1.5%, from current service level.

The Governor's budget includes approval of the agency-proposed policy option package to increase most application and renewal fees as of July 1, 2025. This includes increasing Veterinarian Renewal Fees and Facility Fees by $75 (from $150 to $225), and the Veterinarian Intern Application and Renewal Fee by $75 (from $225 to $300). Certified Veterinary Technician Renewal Fees will increase from $35 to $50, while Certified Euthanasia Technician fees will increase from $25 to $33. This is anticipated to increase revenue by $578,940 during the 2025-27 biennium.

Should this proposed fee increase be adopted, it is intended to be sufficient to cover operational costs through 2029. The Board generally requires an ending balance equivalent to six months of operating reserves, but a reserve of seven to eight months is preferred due to the potential for large unanticipated legal costs.

The Governor's Budget also decreases Other Funds expenditure limitation for rent by $12,303 due to decreases in office space.

OTHER SIGNIFICANT ISSUES

The Board conducts annual pharmacy inspections, as well as triennial full facility inspections, for the 701 registered and non-exempt veterinary facilities in Oregon. Pharmacy inspections can be completed remotely and as a result, the agency has a high rate of completion for these inspections. However, during the COVID-19 pandemic, full facility inspections were paused for two years. Inspections were put on hold for another few months in 2022 as the agency's inspector worked on completion of pharmacy inspections and a training plan for transitioning work to new hire before their retirement. The Board was able to make up ground with 454 inspections completed in the 2022-23 fiscal year and there are 259 facilities due for inspection in the 2024-25 fiscal year. Of the facilities that have been inspected, 418 facilities met standards during their most recent inspection, and 124 facilities that did not meet standards. To date, there have been no cases of substantial non-compliance with minimum facility standards.

KEY PERFORMANCE MEASURES

OVMEB is proposing one new KPM, which will track the number of business days it takes to process a license once a complete application is received. The agency does not currently have a KPM for licensing.

A copy of the Veterinary Medical Examining Board Annual Performance Progress Report can be found on the LFO website: https://www.oregonlegislature.gov/lfo/APPR/APPRProposed_OVMEB_2024-10-31.pdf

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