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INDEPENDENT REGULATORY REVIEW COMMISSION
333 MARKET STREET, 14TH FLOOR, HARRISBURG, PA 17101

June 11, 1999

Jeffrey M. Ott, V.M.D., Chairman
State Board of Veterinary Medicine
116 Pine Street
Harrisburg, PA 17105

Re: IRRC Regulation #16A-578 (#2025)
State Board of Veterinary Medicine
Fees

Dear Chairman Ott:

Enclosed are our Comments on the subject regulation. They are also available on our website at <http://www.irrc.state.pa.us>.

Our Comments list objections and suggestions for consideration when you prepare the final version of this regulation. We have also specified the regulatory criteria which have not been met. These Comments are not a formal approval or disapproval of the proposed version of this regulation.

If you would like to discuss these Comments, please contact John Jewett at 783-5475.

Sincerely,

A handwritten signature in black ink that reads "Robert E. Nyce".

Robert E. Nyce
Executive Director

REN:cae
Enclosure
cc: Joyce McKeever
Robin Stanley
Kim Pizzingrilli
Dorothy Childress
Office of General Counsel
Office of Attorney General
Pete Tartline

COMMENTS OF THE INDEPENDENT REGULATORY REVIEW COMMISSION

ON

STATE BOARD OF VETERINARY MEDICINE REGULATION NO. 16A-578

FEES

JUNE 11, 1999

We have reviewed this proposed regulation from the State Board of Veterinary Medicine (Board) and submit for your consideration the following objections and recommendations. Subsections 5.1(h) and 5.1(i) of the Regulatory Review Act (71 P.S. § 745.5a(h) and (i)) specify the criteria the Commission must employ to determine whether a regulation is in the public interest. In applying these criteria, our Comments address issues that relate to fiscal impact, consistency and clarity. We recommend that these Comments be carefully considered as you prepare the final-form regulation.

1. Section 31.41. Schedule of fees. - Fiscal Impact, Consistency and Clarity

Administrative overhead costs

In the proposed regulation's fee report forms, there are significant differences in the costs for both fees except for "Bureau Average Administrative Overhead" costs. According to staff at the Department of State and its Bureau of Professional and Occupational Affairs (BPOA), the allocated share of overhead cost for each fee category is calculated by dividing total overhead costs for all boards by the number of active licensees for all boards. This methodology for overhead cost allocation is not unreasonable and has been consistently applied. On the other hand, the staff cost allocations are based on estimates of the actual time BPOA staff spends performing the tasks related to each fee.

For overhead cost allocations, there appears to be no direct relationship to the services covered by the fees or frequency of fee payments. Therefore, there is no indication that the fees will recover actual or projected overhead costs. In addition, the allocated costs are based on past expenditures rather than estimates or projections of future expenditures. Hence, there is no certainty that the fees' "projected revenues will meet or exceed projected expenditures" pursuant to Section 13(b) of the Veterinary Medicine Practice Act (63 P.S. § 485.13(b)).

We question the use of a constant overhead cost allocation that appears to be unrelated to the actual costs of activities covered by different fees. Even though this process was used to determine other fees, why should BPOA maintain this approach? The Board and BPOA should specifically identify the overhead costs, or portion of the total overhead, to be recouped by these fees, and review their methodology for allocating these overhead costs. Is it the Board's goal to allocate all overhead costs by category to each fee? If so, we do not believe the current allocation formula gives the desired result.

Board duties for certification and verification

The House Professional Licensure Committee requested additional information from the Board in two areas. First, it questioned the Board's role in the certification of scores, licensure,

certification and registration. In addition, it noted that the description of Board staff functions in the fee report forms for certification and verification fees were very similar. However, there was a significant difference in the staff time and costs for these fees. Staff time for certification equaled 45 minutes at a cost of \$15.23. Staff time for verification was 4.8 minutes at a cost of \$1.62.

Why does the Board certify scores? What is the difference between certification and verification? How much work is required to provide these services? The Board should explain in detail the answers to these questions when it submits the final-form version of this regulation.