Washington State Department of HEALTH

May 2026

Veterinary Board of Governors Fee Narrative

The Department of Health (department) works to protect and improve the health of all people in Washington State. In partnership with the Veterinary Board of Governors, the department accomplishes this work in part by licensing and regulating health care providers, including veterinarians (Chapter 246-933 WAC), veterinary technicians (Chapter 246-935 WAC), veterinary medication clerks (Chapter 246-937 WAC), and humane societies (Chapter 246-933 WAC).

Current revenue is insufficient to cover the operating expenditures of the veterinary regulatory program (program).

Under state law, RCW 43.70.250 (License fees for professions, occupations, and businesses), fees must fully fund the work of licensing and regulating health care professions.

The program ended fiscal year (FY) 2025 with a fund balance of $129,000 and an annual revenue shortfall of ($278,000). The program is projected to continue operating at a deficit, further reducing the fund balance through FY2034. Based on this financial outlook, the department recommends increasing fees to align revenue with the costs of licensing and regulating veterinary professions.

This document summarizes the program's revenue and cost drivers for the program, financial forecast, and proposed fee adjustments.

Office of Health Professions
Health Systems Quality Assurance
WA State Department of Health

veterinary@doh.wa.gov

Revenue

The veterinary regulatory program generates revenue primarily through annual licensure fees collected at the time of initial application and renewal (WAC 246-933-990, WAC 246-935-990, WAC 246-937-990, WAC 246-933-590). Table 1 summarizes the current fee structure and historical fee changes across regulated professions.

Table 1: Current Fees and Fee History

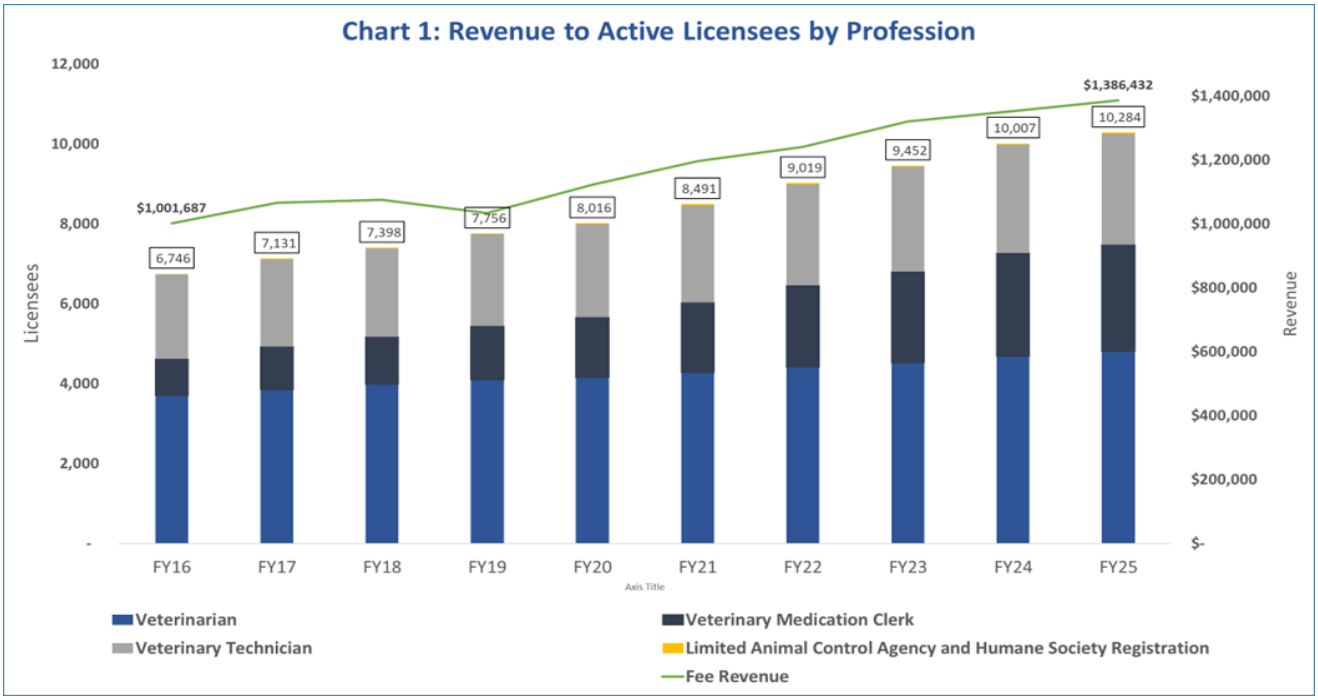
License	Fee Type	Prior fee	Current Fee (Last Fee Change)
Veterinarian License	State Examination	$125	$210 (2011)
	Initial Specialty License	$155	$140 (2017)
	Initial State License	$160	$145
	Temporary Permit	$235	$215
	Renewal	$175	$160
	Renewal – Retired	$85	$70
	Late Renewal Penalty	$95	$80
	Late Renewal Penalty – Retired	$90	$50
	Expired Reissuance Penalty	$60	$90 (2011)
	Heal-WA		$16 (2020)
	Impaired Assessment	$25	$35 (2025)
Veterinary Medication Clerk	Application	$30	$65 (2011)
	Renewal	$30	$55
	Late Renewal Penalty	$30	$55
	Expired License Reissuance	$30	$60
Veterinary Technician	State Examination	$100	$160 (2011)
	Application	$75	$110
	Renewal	$65	$75
	Late Renewal Penalty	$50	$80
	Expired License Reissuance	$50	$80
	Heal-WA		$16 (2020)
Humane Society	Application	$100	$120 (2011)
	Renewal	$75	$100
	Late Renewal Penalty	$50	$80
	Expired License Reissuance	$50	$80

In FY2025, the program licensed 10,284 active professionals in Washington State, including 4,799 veterinarians, 2,671 veterinary medication clerks, 2,783 veterinary technicians, and 31 humane societies. The program processes approximately 1,500 new applications annually and maintains strong renewal rates, approximately 93% for veterinarians and technicians and 74% for medication clerks. These trends have contributed to an average annual growth rate of 2.4% in total licenses over the past three years.

Revenue History

The most recent fee adjustment for veterinarians occurred in January 2017, when application and renewal fees were reduced by $15. For all other veterinary license types, the last fee increase occurred in 2011, with increases ranging from $10 to $35, and a $60 increase to the state examination fee. More recently, external surcharges have been added or adjusted, including the HEAL-WA fee in FY2020 and the impaired assessment surcharge in FY2025. These surcharges fund external services and are passed through to third-party providers.

Over the past decade, fee revenue has grown at an average annual rate of 3.3%, increasing from $1.00 million in FY2016 to $1.38 million in FY2025. This growth has been driven primarily by increases in the number of active licenses rather than fee adjustments. Total active licenses rose from 6,746 in FY2016 to 10,284 in FY2025, an increase of more than 50 percent. The largest areas of growth occurred among veterinary medication clerks (increasing by approximately 188%) and veterinary technicians (increasing by approximately 32%), while the number of licensed veterinarians grew more modestly by about 30%.



Revenue growth has generally followed this upward trend in licensure; however, year-to-year changes reflect some variability. For example, revenue declined slightly in FY2019 despite continued growth in license counts, likely reflecting the lagged impact of the 2017 fee reduction for veterinarians. Beginning in FY2020, revenue resumed a steady increase, supported by continued growth in license volume and the addition of external surcharges such as the HEAL-WA fee.

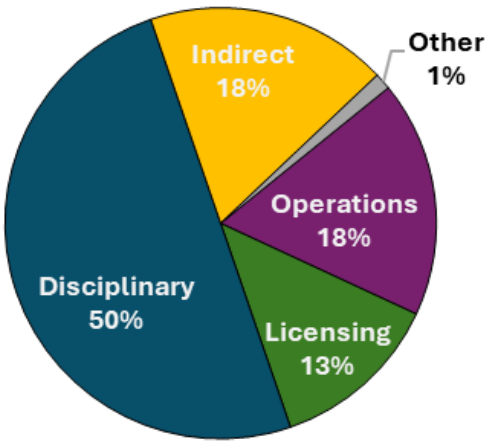
Despite these gains, revenue growth has not kept pace with rising program costs. Since FY2020, expenditures have exceeded revenues, resulting in persistent operating deficits. While increasing licensure volumes have helped moderate the rate of decline, the absence of significant fee increases since 2011 (for most license types) and the fee decrease in 2017 (for veterinarians) has limited the program's ability to keep pace with cost growth.

By FY2024, the program's fund balance had declined to $407,000, a decrease of approximately 19% over five years, bringing reserves to the lower end of the target range. In FY2025, additional cost increases continued to deplete the reserve, resulting in a fund balance of $129,000.

Expenditures

The veterinary program operates with an annual budget of approximately $1.8 million and ended FY2025 with an operating shortfall of $236,000.

Chart 2: FY2025 Expenses by Category



Program costs are primarily driven by disciplinary activities, which account for approximately 50% of total expenses as shown in Chart 2. The remaining costs include operations (18%), licensing (13%), indirect costs (18%) and other costs (1%).

Operational costs (18%) reflect the personnel and administrative resources required to manage the program. These include program oversight, rulemaking and legislative implementation, interested party engagement, and general administration.

Licensing costs (13%) support credentialing, license renewals, customer service (including call center support), background checks, revenue processing, and maintenance of the online licensing system.

Disciplinary costs (50%) represent the largest and most variable component of program spending. These costs include complaint intake, investigations, case management, adjudication, and legal services provided by the Office of the Attorney General. Because these activities depend on the number, complexity, and outcome of cases, costs can fluctuate significantly from year to year.

Indirect costs (18%) are the program's share of agency-wide administrative expenses necessary to support operations. These include services such as human resources, financial management, and information technology. The indirect cost rate is federally approved and applied consistently across programs.

Other costs (1%) include one-time or project-based expenditures, such as legislatively mandated work or system improvements. For this program, these have included investments in credentialing process improvements and contributions to a department-wide licensing system modernization project.

Table 2 shows expenditures for each of these cost categories over the six (6) years.

Table 2: Detailed Expenditures by Cost Category

Cost Categories	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Operational	$ 140,000	$ 149,000	$ 126,000	$ 226,000	$ 305,000	$ 324,000
Licensing	195,000	192,000	200,000	253,000	238,000	234,000
Disciplinary	709,000	855,000	618,000	668,000	911,000	915,000
Indirect	242,000	258,000	202,000	243,000	306,000	331,000
Total	**$ 1,286,000**	**$ 1,454,000**	**$ 1,147,000**	**$ 1,390,000**	**$ 1,760,000**	**$ 1,804,000**
Other	19,000	120,000	170,000	161,000	67,000	22,000
Grand Total	**$ 1,305,000**	**$ 1,575,000**	**$ 1,318,000**	**$ 1,550,000**	**$ 1,827,000**	**$ 1,826,000**

Expenditure History

Over the past six years, total program expenditures have increased from $1.31 million in FY2020 to $1.83 million in FY2025, an overall increase of approximately 40%, or an average annual growth rate of about 7%. This rate of growth significantly exceeds the program's revenue growth of 3.3% over a similar period.

A key driver of this cost variability is disciplinary activity. For example, disciplinary costs increased from $709,000 in FY2020 to $855,000 in FY2021, largely due to increased complaints and case complexity during the COVID-19 pandemic. These costs declined in FY2022 as pandemic-related workload subsided, but rose again to $911,000+ in both FY2024 and FY2025. Recent increases were driven in part by complex cases, including litigation and hearings that required significant legal and adjudicative resources. This illustrates that disciplinary costs are not only the largest expense category but also the least predictable.

Beginning in FY2023, the program added a full-time program manager and a part-time program assistant, followed by incremental increases in other administrative and management support in subsequent years. This change was made after it became clear that a shared staffing model could not support the volume and pace of work. The Veterinary Board of Governors routinely manages multiple concurrent rulemaking packages requiring subcommittee coordination and interested party engagement, while also responding to increased legal and legislative demands, including two lawsuits requiring extensive coordination, data collection, and discovery responses, as well as implementation of new statutory requirements such as suicide prevention training. With these added resources, the program was able to address a backlog of rulemaking and better align ongoing workload with current requirements. In addition to addressing immediate workload pressures, the need for dedicated staffing is expected to continue as the profession and program grow, including increases in licensees and license types, implementation of a new mid-level practitioner credential, ongoing legislative activity, increasing litigation, and continued modernization of outdated licensing and practice regulations. These factors collectively require dedicated staffing to ensure timely rule development, regulatory compliance, and effective program oversight.

Licensing costs have increased more gradually, from $195,000 in FY2020 to $234,000 in FY2025. However, structural changes in how licensing services are delivered have contributed to cost growth. The department transitioned from a centralized service model to a program-based model, where licensing staff are more directly aligned with specific programs. This shift, along with efforts to reduce credentialing backlogs and improve processing times, led to additional staffing and associated costs. The full financial impact of these changes is reflected beginning in FY2025 and will continue into future years.

Indirect costs have also increased steadily, rising from $242,000 in FY2020 to $331,000 in FY2025. This growth is proportional to overall program expansion and reflects the program's share of agency-wide administrative support.

The program also incurred temporary "other" costs between FY2020 and FY2023, primarily related to the implementation of the Healthcare Enforcement and Licensing Management System (HELMS), a department-wide IT modernization effort. While these costs have declined in FY2025, similar investments may continue until the project is complete.

Expenditure History

Overall, expenditure growth has been driven by three primary factors:

- **Increased disciplinary activity and case complexity**, resulting in higher and less predictable legal and adjudicative costs
- **Targeted investments in staffing and operations** to support program oversight, rulemaking, and improved licensing services
- **Agency-wide and system-related cost increases**, including indirect costs and IT modernization efforts

While some cost increases are temporary, many reflect ongoing structural and workload-related demands. These rising expenditures, combined with revenue that has not kept pace, have led to sustained operating deficits and the depletion of the program's fund balance.

The Office of Financial Management (OFM) requires agencies to maintain a reasonable working capital reserve in state accounts to cover fluctuations in cash flow. The cash reserve should be enough to protect against financial volatility from significant disciplinary activity or unforeseen changes in license trends.

Due to the size of this program, the fund balance is highly susceptible to expenditures resulting from enforcement costs and the occurrence of other unforeseen events. Based on these factors, the department recommends the program build a reserve of 20%, currently around $364,000 or approximately 3 months of annual expenditures.

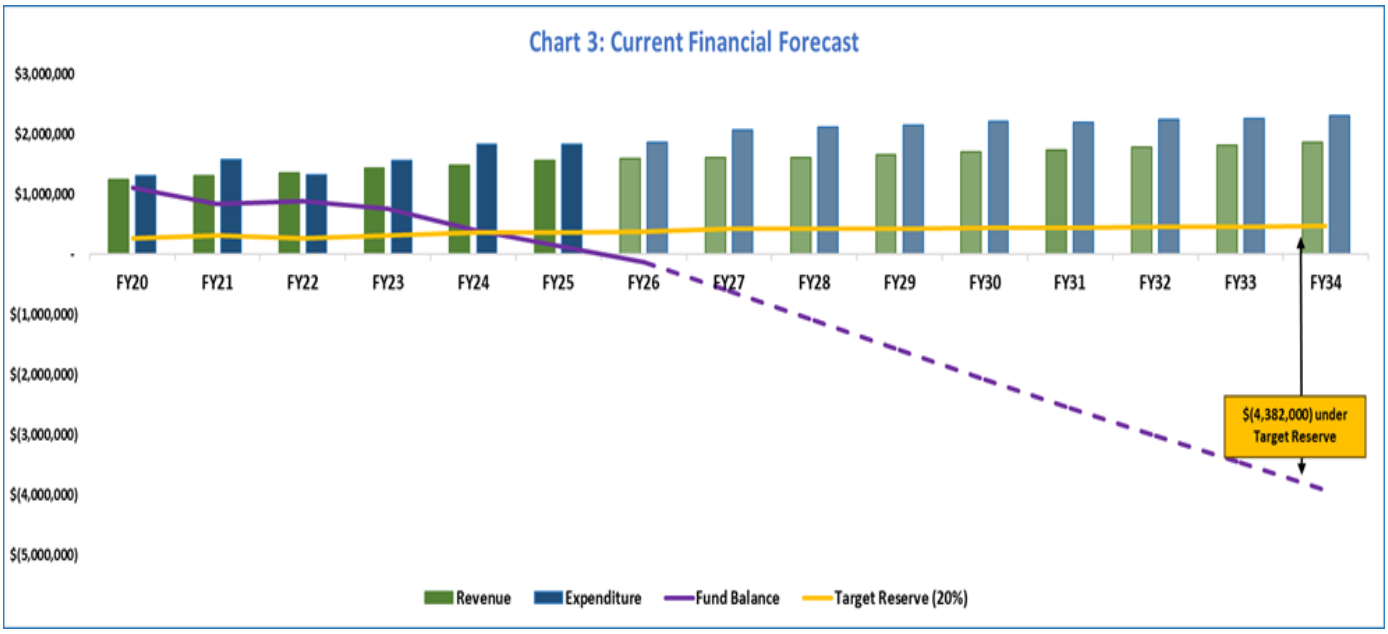
Financial Forecast

Current revenue and expenditure levels are insufficient to sustain the cost of licensing and regulating the veterinary program. Without adjustments, the program is expected to continue operating at an annual deficit throughout the 2025–2027 biennium and beyond.

Revenue is projected to grow modestly at an average annual rate of approximately 2%, driven primarily by continued growth in license volumes. However, this growth is not sufficient to keep pace with expenditures. Program costs are projected to increase from $1.8 million in FY2025 to approximately $2.3 million by FY2034, reflecting an average annual growth rate of about 3%, largely due to inflationary pressures and ongoing operational needs.

As a result of this structural imbalance, the program's financial position is expected to deteriorate further. The fund balance is projected to decline to approximately ($141,000) by the end of FY2026, with an ongoing average annual revenue shortfall of approximately ($472,000) in subsequent years. Without corrective action to increase revenue, the cumulative deficit is projected to reach approximately ($3.9 million) by FY2034, ($4.4 million) below target reserve levels.

Chart 3 illustrates actual revenue and expenditures from FY2020 through FY2025, along with projected trends from FY2026 through FY2034.



The financial forecast demonstrates that the program's current fee structure is not sufficient to support ongoing operations. While revenue is expected to grow modestly, it will continue to lag behind rising costs, resulting in persistent deficits and a steadily declining fund balance.

Fee Proposal

To address the projected revenue shortfall and ensure compliance with RCW 43.70.250, the department is proposing updates to the veterinary program fee structure. These changes are intended to align revenue with the cost of licensing and regulating the profession, stabilize the program's financial position, and maintain adequate service levels.

The proposal includes the following key adjustments:

1. Fee increases to address the revenue gap

The department is proposing increases to application, renewal, and related fees across license types. These adjustments are necessary to eliminate the current structural deficit, restore the program's fund balance, and ensure ongoing costs are fully supported. The proposed increases reflect both current expenditures and projected cost growth, including inflation and ongoing program needs.

2. Addition of an impaired practitioner surcharge at application for veterinarian licenses

The department is proposing to add the impaired practitioner surcharge for veterinarians at the point of initial application. While this fee is currently collected at renewal, it was intended to apply to initial applications as well but was inadvertently omitted from the administrative rule due to departmental oversight. This discrepancy was identified during the most recent fee adjustment for the Washington Physicians Health Program and is being corrected through this proposal.

This surcharge supports services provided by the Washington Physicians Health Program, which monitors and assists impaired practitioners to ensure public protection and promote practitioner rehabilitation and compliance. As with other surcharges, these funds are passed through directly to the contracted provider and are not used for general program operating expenses.

3. Removal of the examination fee

The department is proposing to remove the state examination fee from the administrative rule, as it is no longer applicable under current licensure requirements. Eliminating this fee aligns the rule with current practice and simplifies the fee structure.

Together, these changes are designed to ensure the program is financially sustainable, transparent, and aligned with current regulatory practices. Without these adjustments, the program will continue to operate at a deficit, limiting its ability to effectively carry out its regulatory responsibilities.

Table 3 outlines the current and proposed fees, with a planned effective date of March 2027.

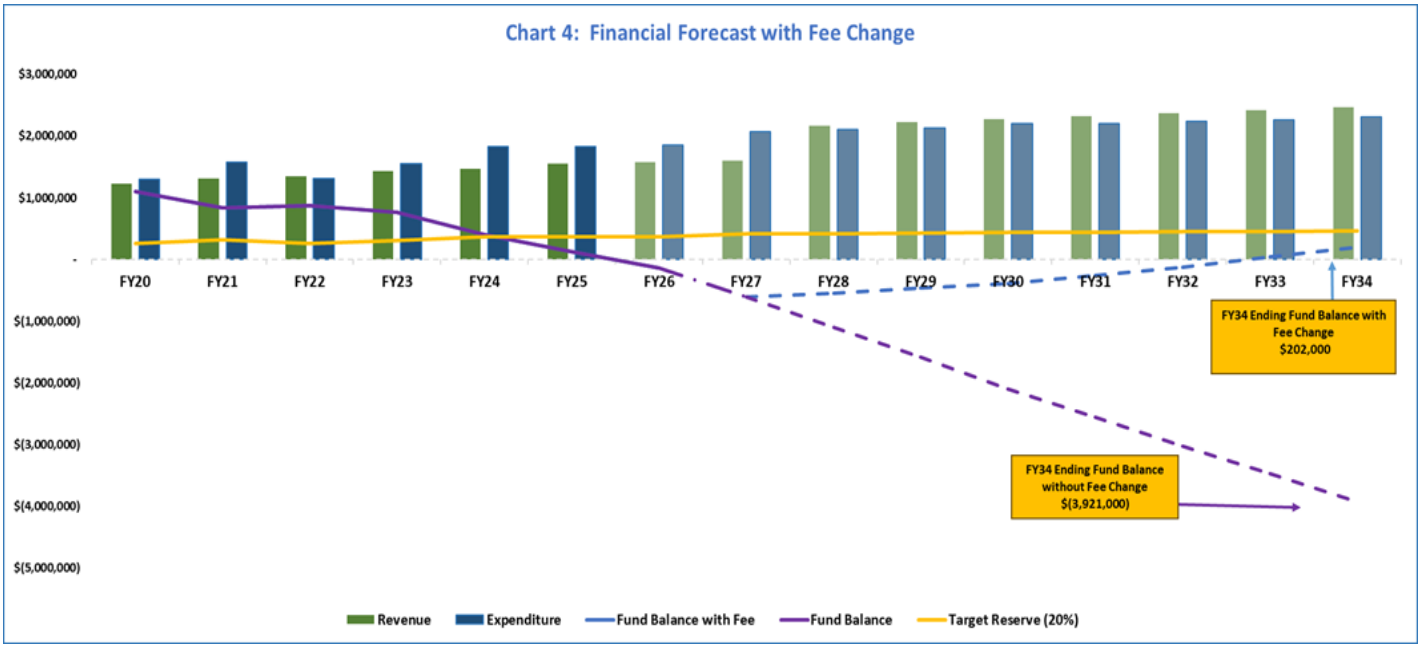
Fee Proposal

Table 3 outlines the current and proposed fees, with a planned effective date of March 2027.

Table 3: Current Fees and Proposed Fee			
License	**Fee Type**	**Current fee**	**Proposed Fee**
Veterinarian License	State Jurisprudence Examination	$210	***Eliminated***
	Initial Specialty License	$140	$230
	Initial State License	$145	$230
	Temporary Permit	$215	$230
	Renewal	$160	$255
	Renewal – Retired	$70	$110
	Late Renewal Penalty	$80	$125
	Late Renewal Penalty – Retired	$50	$55
	Expired Reissuance Penalty	$90	$125
	Heal-WA	$16	No Change
	Impaired Assessment	$35	**$35 at initial and renewal**
Veterinary Medication Clerk	Application	$65	$55
	Renewal	$55	No Change
	Late Renewal Penalty	$55	No Change
	Expired License Reissuance	$60	No Change
Veterinary Technician	State Jurisprudence Examination	$160	***Eliminated***
	Application	$110	$100
	Renewal	$75	$85
	Late Renewal Penalty	$80	$50
	Expired License Reissuance	$80	$50
	Heal-WA	$16	No Change
Humane Society	Application	$120	No Change
	Renewal	$100	No Change
	Late Renewal Penalty	$80	No Change
	Expired License Reissuance	$80	No Change

Fee Proposal

Chart 4 shows the impact of the proposed fees on the program fund balance, displaying actual and projected revenue and expenditures for current and proposed fees from FY2020 through FY2034.



The department will continue to monitor the financial health of the program over a six-year outlook and propose fee adjustments as needed to comply with statutory requirements.

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