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I. INTRODUCTION

This report on the Animal Population Control (APC), Low Cost Spaying and Neutering Program is respectfully submitted to the Legislature. The report examines the program for the period of July 1, 2007 to June 30, 2008 and includes an evaluation of program effectiveness and recommendations for future legislation and administrative actions.

Previous reports to the Legislature examined the program from January 1985 to December 1991, submitted in September 1992; July 1, 1992 to June 30, 1999, submitted March 2001; July 1, 1999 to June 30, 2000, submitted October 2001; July 1, 2000 to June 30, 2001, submitted February 2003; July 1, 2001 to June 30, 2002, submitted November 2003; July 1, 2002 to June 30, 2003 submitted November 2004; July 1, 2003 to June 30, 2004, submitted June 2005; July 1, 2004 to June 30, 2005, submitted April 2006; July 1, 2005 to June 30, 2006 submitted January 2007 and July 1, 2006 to June 30, 2007, submitted November 2007.

II. HISTORICAL BACKGROUND

In May of 1983, Assembly Bill 1917 was signed into law and became P.L. 1983, c. 172 (Appendix A). This law directed the Department of Health and Senior Services (DHSS) to establish a low cost spay/neuter program to be called the Animal Population Control (APC) Program that would utilize the private sector (i.e., participating veterinarians) to provide the spay/neuter services. Veterinarians who wished to participate in the program were required to have their facilities inspected by the New Jersey Veterinary Medical Association (NJVMA) Hospital Inspection Program and submit their normal fee schedules for spay/neuter surgeries for both dogs and cats. Upon review and acceptance by the DHSS, veterinarians would be reimbursed for 80 percent of their normal fees. Client eligibility to participate was based on the client being a recipient of any one of a number of public assistance programs, specifically: Food Stamp Program, Supplemental Security Income Program, Medical Assistance Program (Medicaid), Aid to Families with Dependent Children Program (Temporary Assistance to Needy Families), General Public Assistance Program, Pharmaceutical Assistance to the Aged and Disabled Program, Rental Assistance Program, Lifeline Credit Program, and Tenants Lifeline Assistance Program. Upon presentation to the veterinarian of proof of eligibility for any of the above-mentioned programs, the client's pet would receive for a \$10 copayment fee, all necessary presurgical immunizations, a presurgical examination, surgery, and post surgical care.

On December 17, 1986, the DHSS was charged with implementing P.L. 1986, c. 192 (Appendix B). The law became effective immediately. This law permits any dog or cat adopted from a licensed nonprofit shelter or pound and licensed pursuant to state and municipal law to be eligible to participate in the Low Cost Spaying and Neutering Program for a \$20 copayment fee. The objective was to encourage shelter adoptions and increase the number of altered pets reentering the pet ownership cycle. Cats that were adopted from an approved facility, but not licensed in the municipality in which the owner resided, were ineligible for the low cost spaying and neutering services.

In January 1990, Senate Bill 2977 was signed and became P.L. 1989, c. 238 (Appendix C). This law removed certain eligibility requirements for adopted dogs and cats to be spayed or neutered at veterinary hospitals participating in the Low Cost Spaying and Neutering Program. Specifically, adopted cats were no longer required to be licensed and shelters and pounds participating in the program were no longer required to be nonprofit.

P.L. 1991, c. 405 (Appendix D), was approved January 17, 1992. This law opened the spay/neuter program to dogs and cats adopted from nonprofit, incorporated, animal adoption referral agencies, which do not operate holding facilities. There have been more than 179,000 surgeries conducted on dogs and cats since the inception of the program in 1984.

APC LOW COST SPAYING AND NEUTERING SURGERIES

Calendar Year	<u>Dogs</u>	<u>(%)</u>	<u>Cats</u>	<u>(%)</u>	<u>Total</u>
1984	158	38	262	62	420
1985	921	38	1,473	62	2,394
1986	1,222	37	2,604	63	3,286
1987	2,038	41	2,893	59	4,931
1988	3,313	53	2,888	47	6,201
1989	4,120	55	3,367	45	7,487
1990	5,402	44	6,875	56	12,277

Fiscal Year	<u>Dogs</u>	<u>(%)</u>	<u>Cats</u>	<u>(%)</u>	<u>Total</u>
1991	5,802	40	8,538	60	14,340
1992	8,801	43	11,900	57	20,701
(1) 1993	1,104	35	2,070	65	3,174
1994	664	26	1,856	74	2,520
(2) 1995	3,200	37	5,470	63	8,670
1996	3,936	37	6,660	63	10,596
1997	3,720	37	6,418	63	10,138
1998	3,833	39	5,953	61	9,786
1999	4,387	40	6,544	60	10,931
2000	3,448	37	5,917	63	9,365
(3) 2001	4,000	34	7,929	66	11,929
2002	2,855	34	5,645	66	8,500
2003	2,039	34	3,933	66	5,972
2004	1,684	30	3,881	70	5,565
2005	1,607	30	3,770	70	5,377
2006	1,788	34	3,411	66	5,199
2007	1,662	35	3,041	65	4,703
2008	1,733	37	2,908	63	4,641

- (1) Carry-forward funds were no longer available. Program funding was based on dog license revenue and copayment fee revenue only.
- (2) Animal Friendly license plate revenue became available.
- (3) A one time \$400,000 State budget appropriation became available.

III. ANIMAL POPULATION CONTROL PROGRAM ACTIVITIES State Library
A. REVENUE COLLECTION

The program is funded by two sources of revenue, the collection of a \$3 surcharge for each unaltered dog that is licensed at the municipal level and, more recently, the sale of the Animal Friendly License Plates. The \$3 surcharge is collected by municipalities and forwarded to the APC Program. The program transmits the fees through the Department of Treasury for deposit into the APC Fund.

In 1992, the DHSS, in conjunction with other groups, such as the Humane Society of the United States and the New Jersey Veterinary Medical Association, began working to identify potential sources for increased funding for the APC Program, and in 1994, the Animal Friendly License Plate became available to the public. In April 2002, a new Animal Friendly license plate design was made available to the public. The new license plate is based on the nationally syndicated comic strip "MUTTS" and was designed by Mr. Patrick McDonnell. Proceeds to the DHSS from the sale of these plates, available at Division of Motor Vehicles offices, are used to reimburse participating veterinarians for spaying and neutering services; none are used to pay for departmental administrative operating costs. There are now 21 other states with animal friendly license plates; Arizona, Connecticut, Delaware, Florida, Georgia, Illinois, Kentucky, Maryland, Massachusetts, Mississippi, Montana, Nevada, New York, North Carolina, Ohio, South Carolina, Tennessee, Texas, Utah, Virginia and Washington.

In State Fiscal Year (SFY) 2001, Senator Robert J. Martin initiated a \$400,000 State budget appropriation to be used for spay/neuter surgeries.

B. VETERINARIAN REIMBURSEMENT

Participating veterinarians are reimbursed 80 percent of their agreed upon fees for each of the ten various animal weight and sex categories. Invoices for surgeries conducted are submitted on a monthly basis to the program. The invoices and corresponding forms, such as the individual sterilization consent form, are reviewed by the program. Client and pet eligibility, as well as the veterinarians' fee verification, are reviewed for accuracy. Upon program approval, invoices are submitted to the Department of Treasury for reimbursement to the veterinarians.

Veterinarians are required by law to submit pet owner co-payment fees to the program on a monthly basis. The \$10 public assistance eligibility copayment fees and the \$20 shelter/pound adoption referral agency copayment fees are transmitted from the program to the Department of Treasury for deposit into the APC fund to be used exclusively for the spaying and neutering of dogs and cats through the program.

1. The veterinarian fees have been increased as follows:

SFY 1993	No Increase
SFY 1994	No Increase
SFY 1995	2.4 percent*
SFY 1996	2.8 percent*
SFY 1997	2.8 percent*
SFY 1998	6.0 percent**
SFY 1999	6.0 percent**
SFY 2000	6.0 percent**
SFY 2001	3.2 percent*
SFY 2002	2.0 percent *
SFY 2003	2.2 percent *
SFY 2004	2.3 percent*
SFY 2005	2.3 percent*
SFY 2006	3.8 percent*
SFY 2007	3.8 percent*
SFY 2008	2.6 percent*

* Increase based on CONSUMER PRICE INDEX FOR ESCALATION

** A survey was conducted to determine the difference between APC Program surgery fees and actual veterinary practice fees charged to non-program eligible clients. As stated in Public Law 1983, chapter 172, the veterinary practice fees are to be 80 percent of the normal fees for surgery. The survey results indicated a difference of 18 percent. An increase of 6 percent per year for the next three years was allowed to close this gap.

The yearly average reimbursements per year were:

SFY 1993	\$67
SFY 1994	\$67
SFY 1995	\$68
SFY 1996	\$72
SFY 1997	\$74
SFY 1998	\$77
SFY 1999	\$81
SFY 2000	\$84
SFY 2001	\$85
SFY 2002	\$87
SFY 2003	\$90
SFY 2004	\$90
SFY 2005	\$91
SFY 2006	\$96
SFY 2007	\$101
SFY 2008	\$105

2. Total yearly reimbursement to veterinarians for surgeries performed:

SFY 1993	\$211,218
SFY 1994	\$168,040
SFY 1995	\$593,564
SFY 1996	\$759,045
SFY 1997	\$697,916
SFY 1998	\$758,973
SFY 1999	\$883,325
SFY 2000	\$783,833
SFY 2001	\$997,699
SFY 2002	\$715,089
SFY 2003	\$535,529
SFY 2004	\$502,544
SFY 2005	\$492,068
SFY 2006	\$501,944
SFY 2007	\$481,936
SFY 2008	\$489,019

C. STRAY ANIMAL INTAKE AND DISPOSITION SURVEY

The APC Program conducts an annual survey of sheltering and impounding facilities to determine the number of dogs and cats impounded by all 567 municipalities in New Jersey. The survey provides information on the number of dogs and cats impounded, redeemed by owners, adopted, and euthanized. The Program uses the survey to determine long-term trends of the number of dogs and cats impounded by the municipalities, and thus, the potential effect of an increase in spaying and neutering and other influencing factors. There have been more than 179,000 surgeries conducted on dogs and cats since the inception of the program. Since 1984, survey results show that there has been a 35 percent reduction of the number of dogs and cats impounded and a 53 percent reduction of the number of dogs and cats euthanized, and the adoption rate has increased from 20 to 38 percent.

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**NEW JERSEY STRAY ANIMAL INTAKE AND DISPOSITION SURVEY
(DOGS AND CATS)**

Year	Impounded	Adopted	Redeemed	Euthanized
1984	161,146	31,311	16,414	82,566
1985	133,859	30,987	13,832	73,122
1986	133,872	36,093	13,625	72,313
1987	154,119	40,287	14,870	85,906
1988	139,045	40,585	13,553	76,995
1989	149,345	40,008	13,612	78,840
1990	145,711	49,442	14,042	75,197
1991	131,416	39,792	13,360	61,481
1992	119,998	37,026	14,437	60,506
1993	118,904	37,011	14,282	53,258
1994	118,894	40,377	15,508	51,607
1995	113,928	38,312	13,771	48,239
1996	118,972	30,018	14,589	53,307
1997	110,951	40,318	15,385	47,521
1998	116,117	41,397	14,978	48,195
1999	114,590	41,030	15,366	47,903
2000	122,200	43,633	15,802	48,551
2001	117,855	46,339	14,953	45,540
2002	110,288	43,978	14,595	41,210
2003	116,522	41,547	14,696	47,979
2004	114,942	38,111	14,742	49,975
2005	105,355	39,501	14,985	40,706
2006	100,858	37,119	13,843	41,254
2007	100,734	38,090	13,336	38,742

IV. FINANCIAL REPORT SFY 1993 -SFY 2008

A. APC PROGRAM REVENUE

	License Surcharge	Animal Friendly Lic. Plate	Copay. Fees	Total Revenue
SFY 1993	\$516,062	-0-	\$58,954	\$575,016
SFY 1994	\$470,094	\$62,200	\$26,564	\$558,858
SFY 1995	\$464,217	\$596,075	\$136,816	\$1,197,108
SFY 1996	\$445,527	\$328,365	\$142,750	\$916,642
SFY 1997	\$425,733	\$333,316	\$145,250	\$904,299
SFY 1998	\$430,603	\$310,779	\$163,140	\$904,522
SFY 1999	\$394,186	\$266,785	\$174,810	\$835,781
SFY 2000	\$368,284	\$276,082	\$173,520	\$817,886
SFY 2001 (1)	\$350,336	\$292,570	\$203,090	\$1,245,996
SFY 2002	\$314,538	\$248,761	\$153,250	\$716,549
SFY 2003	\$299,311	\$341,245	\$102,860	\$743,416
SFY 2004	\$287,703	\$323,427	\$91,900	\$703,030
SFY 2005	\$271,068	\$317,534	\$94,090	\$682,692
SFY 2006 (2)	\$277,784	\$239,435	\$85,940	\$603,159
SFY 2007	\$252,470	\$233,185	\$81,785	\$567,440
SFY 2008	\$262,143	\$289,891	\$74,180	\$626,214

(1) SFY 2001 \$400,000 State Appropriation

(2) SFY 2006 license plate revenue is for 11 months only

B. APC PROGRAM ADMINISTRATIVE OPERATING COSTS

	Personnel	Other Expenses	Total
SFY 1993	\$156,188	\$6,113	\$162,301
SFY 1994	\$118,834	\$7,485	\$126,319
SFY 1995	\$206,535	\$22,089	\$228,624
SFY 1996	\$223,701	\$11,183	\$234,884
SFY 1997	\$248,341	\$52,119	\$300,400
SFY 1998	\$203,587	\$14,991	\$218,578
SFY 1999	\$174,473	\$3,157	\$177,630
SFY 2000	\$189,096	\$20,414	\$205,934
SFY 2001	\$190,158	\$11,663	\$201,821
SFY 2002	\$199,220	\$18,899	\$218,119
SFY 2003	\$157,605	\$3,623	\$161,228
SFY 2004	\$199,632	\$8,900	\$208,532
SFY 2005	\$144,753	\$9,661	\$154,414
SFY 2006	\$153,263	\$29,102	\$182,365
SFY 2007	\$172,147	\$15,554	\$187,701
SFY 2008	\$128,988	\$8,744	\$137,732

C. APC PROGRAM FISCAL YEAR FUND BALANCES

	Revenue	Personnel Costs	Other Costs	Veterinarian Reimbursements	Balance
SFY 1993	\$575,016	\$156,188	\$6,113	\$211,218	\$201,497
SFY 1994	\$558,858	\$118,834	\$7,485	\$168,040	\$264,499
SFY 1995	\$1,197,108	\$206,535	\$22,089	\$593,564	\$374,920
SFY 1996	\$916,642	\$223,701	\$11,183	\$759,045	\$(77,287)
SFY 1997	\$904,299	\$248,341	\$52,119	\$697,916	\$(94,077)
SFY 1998	\$904,522	\$203,587	\$14,991	\$758,973	\$(73,029)
SFY 1999	\$835,781	\$174,473	\$3,157	\$883,325	\$(225,174)
SFY 2000	\$817,886	\$189,096	\$20,414	\$783,833	\$(175,457)
SFY 2001	\$1,245,996	\$190,158	\$11,663	\$997,699	\$46,476
SFY 2002	\$716,549	\$199,220	\$18,899	\$715,089	\$(216,659)
SFY 2003	\$743,416	\$157,605	\$3,623	\$535,529	\$46,659
SFY 2004	\$703,030	\$199,632	\$8,900	\$502,544	\$(8,046)
SFY 2005	\$682,692	\$144,753	\$9,661	\$492,068	\$36,210
SFY 2006	\$603,159	\$153,263	\$29,102	\$501,944	\$(81,150)
SFY 2007	\$567,440	\$172,147	\$15,554	\$481,936	\$(102,197)
SFY 2008	\$626,214	\$77,594	\$14,796	\$464,818	\$69,006

() indicates a deficit

V. CONCLUSIONS

Innovative legislation has made the APC, Low Cost Spaying and Neutering Program a model program with New Jersey being recognized as a national leader in this important aspect of animal welfare. Several other state governments have consulted with the Program for advice on developing a spay/neuter program to be modeled after the New Jersey Program. The states of Connecticut, Georgia, New Hampshire, New York, Maine and Vermont have programs modeled after the New Jersey APC Program.

The Program has been successful in recruiting and coordinating the efforts of private practice veterinarians, various statewide humane groups, and municipal animal control agencies to work together in controlling the stray and unwanted pet overpopulation problem. The Program has successfully used the private sector in partnership with the government sector to address a community health, safety, and fiscal problem.

Since the APC Program's commencement in 1984, several legislative actions occurred which significantly expanded participant eligibility, subsequently resulting in an increased demand for services. From SFY 1996 through SFY 1998, a statewide total of \$800,000 was allocated annually for the reimbursement of low cost spaying and neutering surgeries. The allocation amount is based on the total revenue collected, minus APC Program administrative costs. The \$800,000 annual allocations are made available on a quarterly basis (\$200,000 per quarter) and are allocated to veterinary hospitals on a first come, first served basis. During SFY 1999, an additional \$200,000 from carry-forward funds was allocated for the fourth quarter of that fiscal year. The annual allocation for SFY 1999 was \$1,000,000. During SFY 2000, an additional \$50,000 from carry-forward funds was allocated during that year. The annual allocation for SFY 2000 was \$850,000. With the availability of the \$400,000 state budget allocation, the annual allocation for SFY 2001 was \$1.1 million. In SFY 2002, a \$360,000 budget appropriation was to be used for the program. Due to a budget deficit, these funds were removed as part of the Governor's budget reduction request. The annual allocation for SFY 2002 was \$800,000. The annual allocation for SFY 2003, 2004 and 2005 was \$575,000. The reduction in the annual allocation is due to the lack of carry-forward funds. The annual allocation for SFY 2006 was increased to \$590,000 due to carry-forward funds. The annual allocation for SFY 2007 was \$555,000 and the allocation for SFY 2008 was \$570,000.

A telephone pre-surgical authorization system went into effect July 1995. This telephone response system allows each participating veterinary hospital to receive authorization numbers for each surgical case on a 24 hours a day, seven days a week basis. The system keeps track of the "draw-down" on the APC Fund and signals when it is approaching depletion, at which time authorization numbers are no longer issued. Once the quarterly allocation is exhausted, no more surgeries can be authorized until the beginning of the following quarter. Demand for the program's services has increased dramatically, and generally results in the exhaustion of quarterly allocations within four weeks. The Program has recommended that the DHSS develop and implement a web-enabled system to replace the current voice response system used by participating veterinary hospitals. The system will have a web enabled interface for veterinary hospitals to request surgery authorizations. The system is currently being designed by DHSS and is projected to be in use in 2009.

The Governor's Domestic Companion Animal Council was established per P.L.1995, c.145. The Council began meeting in May 1997 and continues to meet monthly. Council members (as mandated by law) consist of representatives from the Humane Society of the United States, New Jersey Veterinary Medical Association, New Jersey Health Officers Association, New Jersey Certified Animal Control Officers Association, New Jersey Federation of Dog Clubs, Cat Fanciers Association, New Jersey Society for the Prevention of Cruelty to Animals, Associated Humane Societies, and animal shelters. The Council focuses on issues concerning New Jersey animal population control, animal welfare and other programs related to domestic animals. The Council was instrumental in obtaining the \$400,000 state budget allocation in SFY 2001.

The DHSS continues to work with the Governor's Domestic Companion Animal Council to identify ways to increase revenue for the APC Program and to meet the demand for spay and neuter services without exhausting funds so early in each quarter. The Council was instrumental in the process of developing the new Animal Friendly license plate designed by comic strip artist Patrick McDonnell. It is projected that with the current demand for service, approximately 30,000 surgeries could be performed annually at a cost of \$2.7 million per year.

VI. RECOMMENDATIONS

In order to reduce and control the stray and unwanted pet overpopulation problem in New Jersey through the APC Program, the following recommendations are respectfully submitted:

1. Amend existing legislation to require that all dogs be licensed in order to be eligible for surgery. Currently, pet owners participating in the public assistance programs are not required to have their dogs licensed prior to surgery. Dog licensing is mandatory in New Jersey; therefore, these dogs should be licensed prior to surgery. Dogs that are adopted from the shelters and referral agencies are required to be licensed prior to surgery.
2. Consideration be given to increasing the \$10 public assistance pet owner copayment fee, which has been in effect since 1983, and the \$20 shelter adoption pet owner copayment fee, which has been in effect since 1986. The Domestic Companion Animal Council is currently attempting to obtain a sponsor for this initiative. It is intended to increase the public assistance pet owner co-payment fee to \$15, and the shelter adoption pet owner co-payment fee to \$30.
3. Consideration be given to increasing the \$3 dog license surcharge fee for un-neutered dogs, which funds the program. This fee has been in effect at the same level since 1983. Or, alternatively, the surcharge fee could be kept the same, but changed to be entitled a "spay/neuter surcharge" and charged for all dogs being licensed, regardless of their reproductive status.
4. Passage of legislation requiring mandatory cat licensing. Approximately half of New Jersey municipalities have cat licensing ordinances in place; however, these fees are not forwarded to the APC fund because there is no state legislation mandating cat licensing and requiring a proportion of the licensing fees to be submitted to the State. As can be seen from the statistics presented in this report, cat owners have benefited widely from the APC Program, which is financed primarily by dog owners through the \$3 dog license surcharge. During the last ten years, there were 47, 979 (66%) surgeries conducted on cats as compared to 25, 203 (34%) surgeries conducted on dogs. It is estimated that in New Jersey there are approximately 1.7 million owned cats. With the enactment of statewide licensing through amending N.J.S.A. 4:19-15.3b, it is conservatively estimated that an additional \$330,000 - \$660,000 in annual revenue could be generated. Potentially, even more revenues could be realized, depending on the degree of public acceptance, voluntary compliance, and the effectiveness of municipal canvassing and enforcement of cat licensing.

In closing, the Department would like to express its appreciation to the Legislature for its long-standing recognition and support of animal population control efforts.