

**77th OREGON LEGISLATIVE ASSEMBLY – 2013 Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5036

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Frederick
Carrier – Senate: Sen. Girod**

Action: Do Pass

Vote: 22 – 2 – 2

House

Yeas: Barker, Buckley, Frederick, Huffman, Jenson, Komp, McLane, Nathanson, Smith, Tomei, Williamson

Nays: Freeman, Hanna

Exc: Read, Richardson

Senate

Yeas: Bates, Devlin, Edwards, Girod, Hansell, Johnson, Monroe, Steiner Hayward, Thomsen, Whitsett, Winters

Nays:

Exc:

Prepared By: Dustin Ball, Department of Administrative Services

Reviewed By: Matt Stayner, Legislative Fiscal Office

Meeting Date: May 31, 2013

Agency

Board of Pharmacy

Biennium

2013-15

Budget Summary*

| | 2011-13 Legislatively Approved Budget ⁽¹⁾ | 2013-15 Current Service Level | 2013-15 Committee Recommendation | Committee Change from 2011-13 Leg. Approved | |
|-------------|---|----------------------------------|-------------------------------------|--|----------|
| | | | | \$ Change | % Change |
| Other Funds | \$ 5,111,603 | \$ 5,530,936 | \$ 5,817,527 | \$ 705,924 | 13.8% |
| Total | \$ 5,111,603 | \$ 5,530,936 | \$ 5,817,527 | \$ 705,924 | 13.8% |

Position Summary

| | | | | |
|--------------------------------------|-------|-------|-------|------|
| Authorized Positions | 18 | 18 | 19 | 1 |
| Full-time Equivalent (FTE) positions | 17.75 | 17.75 | 19.00 | 1.25 |

(1) Includes adjustments through December 2012.

* Excludes Capital Construction expenditures

Summary of Revenue Changes

The Oregon Board of Pharmacy receives revenue from fees charged to licensees, civil penalties and a small number of administrative “user” fees. The recommended budget eliminates a proposed fee increase and includes an adjustment to budgeted revenues to reflect a temporary reduction in fees implemented by the agency as recommended by the LFO. With the adoption of the subcommittee’s recommendation, the agency’s estimated 2013-15 ending fund balance is \$1,758,056, or the equivalent of approximately seven months of operating expenditures.

Summary of Education Subcommittee Action

The Board of Pharmacy promotes, preserves, and protects the health, safety and welfare of Oregon citizens by control and regulation of the practice of pharmacy. The Board regulates the quality and distribution of drugs through outlets involved in the manufacture, production, sale and distribution of prescription drugs, over-the-counter drugs, controlled substance and devices and other materials as may be used in the diagnosis, cure, mitigation, prevention and treatment of injury, illness and disease.

The Subcommittee recommended \$5,817,527 Other Funds budget for 2013-15, is 13.8 percent higher than the legislatively approved spending level for the 2011-13 biennium.

The Subcommittee approved the following recommendations:

- Package 091, Statewide Administrative Savings, reduces by \$5,196 the Other Funds expenditure limitation for the agency. This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement

expenditures. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

- Package 092, PERS Tax Policy, reduces by \$10,316 the Other Funds expenditure limitation for the agency. This package reflects the policy change in Senate Bill 822 that eliminates the increased retirement benefits resulting from Oregon income taxation of payments if the person receiving payments does not pay Oregon income tax on those benefits and is not an Oregon resident. This change reduces state employer contribution rates by approximately 0.30 percent.
- Package 093, Other PERS Adjustments, reduces by \$82,530 Other Funds expenditure limitation for the agency. This package reflects the policy change in Senate Bill 822 that modifies the cost-of-living adjustment under the Public Employees Retirement System. This change reduces state employer contribution rates by approximately 2.2 percent.

An administrative action by the PERS Board, as directed by a budget note in the Senate Bill 822 budget report, will reduce state employer contribution rates by up to an additional 1.9 percent. However, no employer rate is reduced below its 2011-13 biennium rate.

- Package 100, Personnel Management, increases by \$299,633 the Other Funds expenditure limitation for the agency. This package reclassifies two positions, increases one position from part-time to full time, and adds one position resulting in the addition of 1.25 FTE. This package addresses the recommendations in an operational review, conducted by a third party, at the direction of the 2011 Legislature. The review recommended the reallocation of resources including an increase in staffing for the licensing division and the appointment of a licensing supervisor.

Reclassification of the two positions, allowing broader scope of responsibility and increasing one of the positions to full-time will allow for the implementation of the recommendation and allow the administrative director to shift focus from licensing to agency operations. The additional 1.00 FTE is a pharmacy consultant position. This position spans all agency divisions and assists in research, rule writing and policy development. This position was eliminated in the 2011-13 biennium due to a projected shortfall in available revenue for the agency however, that projection shortfall was due to an accounting error and therefore never came to fruition. Restoration of this position will reduce workload on existing staff, allowing existing staff to focus on core responsibilities rather than extraneous duties resultant from the missing position.

The individual changes are as follows:

- Reclassification of Project Manager 1 position to Operations Policy Analyst 2 position
 - Reclassification of Office Specialist 1 position to Operations Specialist 2 position
 - Increase 0.75 FTE Office Specialist 2 position to 1.00 FTE
 - Add Pharmacy Consultant position (1.00 FTE)
- Package 102, Paperless Records Retention Part 1, increases by \$85,000 Other Funds expenditure limitation for the agency. This package implements phase 1 of the agency's paperless record keeping initiative, the implementation of scanning documents for records retention.

The 2011 independent operational review recommended that the agency move toward a paperless environment. The first phase of this project includes the provision of services for scanning and implementing an indexing system that can be managed by in-house staff once complete. This package moves the agency towards paperless record keeping and positions it for more efficient long-term records retention.

- Package 810, LFO Analyst Adjustments, reduces Other Funds revenue by \$888,978. The adjustments contained in this package are for the purpose of aligning budget revenue amounts with the actual anticipated revenue for the upcoming biennium. At the end of the 2009-11 biennium, actual available revenue, and therefore the ending fund balance for the agency, was higher than anticipated by the Legislatively Approved Budget due to an accounting error and aggressive cost saving measures on the part of the agency. The net impact of these issues was a \$1,268,830 increase in available revenues to the agency and that amount is reflected in the beginning balance adjustment for the agency for the 2013-15 budget.

Additionally, the agency experienced higher than anticipated collections of revenues and lower than anticipated expenditures during the 2011-13 biennium further exacerbating the projected ending fund balance surplus. To better align revenue with expenditures, the board has implemented a temporary reduction in licensing fees to certain licensees that received fee increases in the prior biennium. The negative adjustment to revenue in this package aligns the budgeted revenue with the updated projected revenue resulting from the temporary fee reductions. The net impact of these adjustments is a revenue reduction in available revenue of \$888,978.

Summary of Performance Measure Action

See attached Legislatively Adopted 2013-15 Key Performance Measures form.

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

HB 5036

**Board of Pharmacy
Dustin Ball -- 503-378-3119**

| DESCRIPTION | GENERAL FUND | LOTTERY FUNDS | OTHER FUNDS | | FEDERAL FUNDS | | TOTAL ALL FUNDS | POS | FTE | |
|---|--------------|---------------|---------------------|-------------|---------------|-------------|---------------------|-----------|--------------|--|
| | | | LIMITED | NONLIMITED | LIMITED | NONLIMITED | | | | |
| 2011-13 Legislatively Approved Budget at Dec 2012 * | \$ 0 | \$ 0 | \$ 5,111,603 | \$ 0 | \$ 0 | \$ 0 | \$ 5,111,603 | 18 | 17.75 | |
| 2013-15 ORBITS printed Current Service Level (CSL)* | \$ 0 | \$ 0 | \$ 5,530,936 | \$ 0 | \$ 0 | \$ 0 | \$ 5,530,936 | 18 | 17.75 | |
| <u>SUBCOMMITTEE ADJUSTMENTS (from CSL)</u> | | | | | | | | | | |
| SCR 001 - Board of Pharmacy | | | | | | | | | | |
| Package 091: Statewide Administrative Savings | | | | | | | | | | |
| Personal Services | \$ 0 | \$ 0 | (3,693) | \$ 0 | \$ 0 | \$ 0 | (\$3,693) | 0 | 0.00 | |
| Services and Supplies | \$ 0 | \$ 0 | (1,503) | \$ 0 | \$ 0 | \$ 0 | (\$1,503) | 0 | 0.00 | |
| Package 092: PERS Taxation Policy | | | | | | | | | | |
| Personal Services | \$ 0 | \$ 0 | (10,316) | \$ 0 | \$ 0 | \$ 0 | (\$10,316) | 0 | 0.00 | |
| Package 093: Other PERS Adjustments | | | | | | | | | | |
| Personal Services | \$ 0 | \$ 0 | (82,530) | \$ 0 | \$ 0 | \$ 0 | (\$82,530) | 0 | 0.00 | |
| Package 100: Personnel Management | | | | | | | | | | |
| Personal Services | \$ 0 | \$ 0 | \$299,633 | \$ 0 | \$ 0 | \$ 0 | \$299,633 | 1 | 1.25 | |
| Package 102: Paperless Records Retention Part 1 | | | | | | | | | | |
| Services and Supplies | \$ 0 | \$ 0 | \$85,000 | \$ 0 | \$ 0 | \$ 0 | \$85,000 | 0 | 0.00 | |
| TOTAL ADJUSTMENTS | \$ 0 | \$ 0 | \$ 286,591 | \$ 0 | \$ 0 | \$ 0 | \$ 286,591 | 1 | 1.25 | |
| SUBCOMMITTEE RECOMMENDATION * | \$ 0 | \$ 0 | \$ 5,817,527 | \$ 0 | \$ 0 | \$ 0 | \$ 5,817,527 | 19 | 19.00 | |
| | | | | | | | | | | |
| % Change from 2011-13 Leg Approved Budget | 0.0% | 0.0% | 13.8% | 0.0% | 0.0% | 0.0% | 13.8% | 5.6% | 7.0% | |
| % Change from 2013-15 Current Service Level | 0.0% | 0.0% | 5.2% | 0.0% | 0.0% | 0.0% | 5.2% | 5.6% | 7.0% | |

Legislatively Approved 2013-2015 Key Performance Measures

Agency: PHARMACY, BOARD OF

Mission: The mission of the Oregon State Board of Pharmacy is to promote, preserve and protect the public health, safety and welfare by ensuring high standards in the practice of pharmacy and by regulating the quality, manufacture, sale and distribution of drugs.

| Legislatively Proposed KPMs | Customer Service Category | Agency Request | Most Current Result | Target 2014 | Target 2015 |
|---|-----------------------------|----------------|---------------------|-------------|-------------|
| 1 - Percent of inspected pharmacies that are in compliance annually. | | Approved KPM | 80.00 | 75.00 | 75.00 |
| 2 - Percent of audited pharmacists who complete continuing education on time. | | Approved KPM | 96.00 | 100.00 | 100.00 |
| 3 - Percent of pharmacies inspected annually. | | Approved KPM | 100.00 | 95.00 | 95.00 |
| 4 - Average number of days to complete an investigation from complaint to board presentation. | | Approved KPM | 106.00 | 100.00 | 100.00 |
| 5 - Percent of Customers Rating Their Satisfaction With the Agency's Customer Service as "Good" or "Excellent" : Overall Customer Service, Timeliness, Accuracy, Helpfulness, Expertise, and Availability of Information. | Accuracy | Approved KPM | 90.00 | 85.00 | 85.00 |
| 5 - Percent of Customers Rating Their Satisfaction With the Agency's Customer Service as "Good" or "Excellent" : Overall Customer Service, Timeliness, Accuracy, Helpfulness, Expertise, and Availability of Information. | Availability of Information | Approved KPM | 87.00 | 85.00 | 85.00 |
| 5 - Percent of Customers Rating Their Satisfaction With the Agency's Customer Service as "Good" or "Excellent" : Overall Customer Service, Timeliness, Accuracy, Helpfulness, Expertise, and Availability of Information. | Expertise | Approved KPM | 91.00 | 85.00 | 85.00 |
| 5 - Percent of Customers Rating Their Satisfaction With the Agency's Customer Service as "Good" or "Excellent" : Overall Customer Service, Timeliness, Accuracy, Helpfulness, Expertise, and Availability of Information. | Helpfulness | Approved KPM | 88.00 | 85.00 | 85.00 |
| 5 - Percent of Customers Rating Their Satisfaction With the Agency's Customer Service as "Good" or "Excellent" : Overall Customer Service, Timeliness, Accuracy, Helpfulness, Expertise, and Availability of Information. | Overall | Approved KPM | 91.00 | 85.00 | 85.00 |

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| Legislatively Proposed KPMs | Customer Service Category | Agency Request | Most Current Result | Target 2014 | Target 2015 |
|---|----------------------------------|-----------------------|----------------------------|--------------------|--------------------|
| 5 - Percent of Customers Rating Their Satisfaction With the Agency's Customer Service as "Good" or "Excellent" : Overall Customer Service, Timeliness, Accuracy, Helpfulness, Expertise, and Availability of Information. | Timeliness | Approved KPM | 85.00 | 85.00 | 85.00 |
| 6 - Board Best Practices - Percent of total best practices met by the Board. | | Approved KPM | 100.00 | 100.00 | 100.00 |

LFO Recommendation:

Recommend approval of key performance measures and targets as presented

Sub-Committee Action:

Approved key performance measures and targets as presented