

Pharmacy, Board of

	2011-13 Actuals	2013-15 Leg. Approved*	2015-17 CSL LFO	2015-17 Governor's Recommended
Other Funds	4,684,935	5,957,609	6,164,443	6,872,049
Total Funds	4,684,935	5,957,609	6,164,443	6,872,049
Positions	18	19	19	20
FTE	17.75	19.00	19.00	20.00

* Includes Emergency Board and administrative actions through December 2014

Program Description

The mission of the 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. The agency licenses pharmacists by examination or through reciprocity with other states; registers and inspects hospital and retail pharmacies, drug wholesalers and manufacturers, and over-the-counter drug outlets; investigates drug diversion and rule violations; and regulates the quality and distribution of controlled substances, prescription, and over-the-counter drugs within the state. The seven-member board is appointed by the Governor and composed of five pharmacists and two public members. The agency is funded by revenue generated from license, registration, and examination fees. The remaining revenue sources include fines, interest earnings, and other revenue.

CSL Summary and Issues

The 2015-17 current service level budget for the Board is \$6,164,443 Other Funds (19.00 FTE). The CSL is \$206,834, or 3.47%, more than the 2013-15 legislatively approved budget. There are no noted differences between the DAS and LFO CSL calculations

Policy Issues

- Package 100: Personnel Management – Increase Other Funds expenditures by \$391,602 to fund: (1) a pay line exception approved by the Department of Administrative Services; (2) a new full-time Program Analyst 1 position in the Licensing Division as recommended in a 2012 Operational Review; and (3) a new full-time Public Service Representative 3 position in anticipation of potential workload associated with the implementation of a new Practitioner Dispensing license.
- Package 101: Business Improvement Database Upgrade – Increase Other Funds by \$287,960 (\$275,000 of which is a one-time cost) to fund the replacement of the Board’s System Automation (SA) License 2000 software. This package would be

funded using one-time revenues from a civil penalty of over \$500,000 collected by the Board. The Chief Information Officer estimates that vendor cost estimates from June 2014 could likely increase by 10% (resulting in total project cost of \$316,756) by the project launch.

- Package 102: IT Professional Services – Increase Other Funds expenditures by \$25,000 for costs associated with an increase in Professional Liability Insurance.
- Package 103: Paperless Records Retention Part 2 – Increase Other Funds expenditures by \$22,770 to continue the Board’s Paperless Records Retention project that began in 2013-15. This increase will fund usage-based fee charged by the Secretary of State’s Archives Division for use of the Oregon Records Management Solution (ORMS).

Other Significant Issues and Background

Revenue Reduction – Reduce Other Fund revenues by \$806,548 to provide for transition to biennial licensure for Pharmacists and Certified Pharmacy at a reduced rate. During the 2009-11 biennium, an accounting error was made that resulted in an understatement of the agency’s projected fund balance. In response, a negative fund balance adjustment of \$423,475 was included in the budget for the 2011-13 biennium. Once the error was discovered, the actual ending balance for the 2009-11 biennium was corrected and was in fact \$845,355 higher than the original budgeted ending balance. These two items created an understatement of the agency’s total available revenues for the 2011-13 biennium of \$1,268,830. Included in the budget for the 2013-15 biennium was an adjustment to the agency’s beginning fund balance of \$1,268,830; an increase in available revenues equating to roughly 22% of the biennial budget for the Board of Pharmacy. In response to the corrected fund balance and at the recommendation of the Legislative Fiscal Office, the Board of Pharmacy adopted temporary fee reductions in a number of licensing categories reducing projected revenues by \$81,590 from the 2011-13 legislatively approved budget. This policy option will to go to biennial licensure will allow the Board to reduce its large ending balance, and to achieve workload efficiencies by adjusting renewing cycle to alternate years.

Co-Chairs’ Budget Framework Discussion

No specific budget details or issues were identified in the Co-Chairs’ budget framework for this agency.