
MEMORANDUM

Legislative Fiscal Office
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To: Education Subcommittee

From: Matt Stayner, Legislative Fiscal Office
(503) 986-1840

Date: May 15, 2013

Subject: Oregon Board of Pharmacy – HB 5036
Work Session Recommendations

Board of Pharmacy – Agency Totals

	2009-11 Actual	2011-13 Legislatively Approved	2013-15 Current Service Level	2013-15 LFO Recommended
Other Funds	4,478,980	5,111,603	5,530,936	5,817,527
Total Funds	\$4,478,980	\$5,111,603	\$5,530,936	\$5,817,527
Positions	20	18	18	19
FTE	19.00	17.75	17.75	19.00

The LFO recommended budget for the Oregon Board of Pharmacy is \$5,817,527 Other Funds and includes 19 positions (19.00 FTE). This is a 13.8% increase from the 2011-13 Legislatively Approved Budget. 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. The included budgeted expenditures are expected to result in a biennial ending fund balance of \$1,758,056 or about 31 weeks of operating reserves. Attached are the recommended Policy Option Packages and Key Performance Measures from the Legislative Fiscal Office for the Oregon Board of Pharmacy.

Adjustments to Current Service Level:

See attached "Work Session Presentation Report" dated 5/15/13.

- Package 091 Statewide Administrative Savings (\$5,196)
This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor's 2013-15 recommended budget. 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 (\$10,316)

This package reflects the policy change in SB 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%.

- Package 093 Other PERS Adjustments (\$82,530)

This package reflects the policy change in SB 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%.

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

- Package 100 Personnel Management \$299,633

The 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 projected 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 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 \$85,000

The 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**

The adjustments contained in this package are for the purpose of aligning budgeted revenue amounts with the actual and anticipated agency 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 savings 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 fund balance adjustment for the agency for the 2013-15 budget. In addition, the agency experienced higher than anticipated collections of revenue 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 adjustments in this package align the budgeted revenue amounts with the updated projected revenue amounts resulting from the temporary fee reductions. The net impact of these adjustments is a reduction in available revenue of \$888,978.

Motion to accept the LFO Budget Recommendations:

Move that the Education Subcommittee approve the LFO recommendations to HB 5036.

Performance Measures

See attached "Legislatively Proposed 2013-15 Key Performance Measures" form.

Motion to accept LFO Key Performance Measures Recommendation:

Move that the Education Subcommittee approve the LFO recommendation on Key Performance Measures

HB 5036 Final Subcommittee Action:

Final Motion:

Move HB 5036 to the full committee with a "do pass" recommendation

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2011-13 Agy. Leg. Adopted	-	-	5,111,603	-	-	-	5,111,603	18	17.75
2011-13 Ebds, SS & Admin Act	-	-	-	-	-	-	-	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2011-13 Leg Approved Budget	-	-	5,111,603	-	-	-	5,111,603	18	17.75
2011-13 Leg Approved Budget (Base)	-	-	5,111,603	-	-	-	5,111,603	18	17.75
Summary of Base Adjustments	-	-	340,723	-	-	-	340,723	-	-
2013-15 Base Budget	-	-	5,452,326	-	-	-	5,452,326	18	17.75
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(5,829)	-	-	-	(5,829)	-	-
030: Inflation & Price List Adjustments	-	-	84,631	-	-	-	84,631	-	-
060: Technical Adjustments	-	-	(192)	-	-	-	(192)	-	-
2013-15 Current Service Level	-	-	5,530,936	-	-	-	5,530,936	18	17.75
Adjusted 2013-15 Current Service Level	-	-	5,530,936	-	-	-	5,530,936	18	17.75
Total LFO Recommended Packages	-	-	286,591	-	-	-	286,591	1	1.25
2013-15 Legislative Actions	-	-	5,817,527	-	-	-	5,817,527	19	19.00
Net change from 2011-13 Leg Approved Budget	-	-	705,924	-	-	-	705,924	1	1.25
Percent 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%
Net change from 2013-15 Current Service Level	-	-	286,591	-	-	-	286,591	1	1.25
Percent 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%

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Package 091 Statewide Administrative Savings

Package Description This package is a placeholder for administrative efficiencies in finance, information technology, human resources, accounting, payroll, and procurement expenditures. The Executive Branch had intended for these reductions to be specified in the Governor's 2013-15 recommended budget. The Department of Administrative Services will continue to work on details of these reductions with agencies and report back during the 2014 session.

LFO Recommendation

LFO Recommended	-	-	(5,196)	-	-	-	(5,196)	-	-
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Package 092 PERS Taxation Policy

Package Description This package reflects the policy change in SB 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%.

LFO Recommendation

LFO Recommended	-	-	(10,316)	-	-	-	(10,316)	-	-
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An administrative action by the PERS Board, as directed by a budget note in the SB 822 budget report, will reduce state employer contribution rates by up to an additional 1.9%. However, no employer rate is reduced below its 2011-13 biennium rate.

LFO Recommendation

LFO Recommended	-	-	(82,530)	-	-	-	(82,530)	-	-
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Package 100 Personnel Management

Package Description The package reclassifies two positions 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 projected 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.

LFO Recommendation

LFO Recommended	-	-	299,633	-	-	-	299,633	1	1.25
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Package 102 Paperless Records Retention – Part 1

Package Description The package implements Phase I 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, as required by ORS 192 and OAR 166-300 and 350.

LFO Recommendation

LFO Recommended	-	-	85,000	-	-	-	85,000	-	-
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Package Description The adjustments contained in this package are for the purpose of aligning budgeted revenue amounts with the actual and anticipated agency 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 savings 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 fund balance adjustment for the agency for the 2013-15 budget. In addition, the agency experienced higher than anticipated collections of revenue 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 adjustments in this package align the budgeted revenue amounts with the updated projected revenue amounts resulting from the temporary fee reductions. The net impact of these adjustments is a reduction in available revenue of \$888,978.

LFO Recommendation

LFO Recommended

Legislatively Proposed 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: