

LEGISLATIVE FISCAL OFFICE
900 Court Street NE, Room H-178
Salem, Oregon 97301
(503) 986-1828

Amanda Beitel, Legislative Fiscal Officer
Paul Siebert, Deputy Legislative Fiscal Officer
John Terpening, Deputy Legislative Fiscal Officer



JOINT COMMITTEE ON WAYS AND MEANS

Senator Lieber, Senate Co-Chair
Representative Sanchez, House Co-Chair

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Representative Gomberg, House Co-Vice Chair
Representative Smith, House Co-Vice Chair

To: Education Subcommittee

From: Haylee Morse-Miller, Legislative Fiscal Office

Date: May 7, 2025

Subject: HB 5028 – Board of Pharmacy
Work Session Recommendations

| Board of Pharmacy | | | | |
|--------------------|-------------------|--------------------------------------|-------------------------------------|-------------------------------|
| Agency Totals | | | | |
| FUND TYPE | 2021-23 ACTUAL | 2023-25 LEGISLATIVELY APPROVED | 2025-27 CURRENT SERVICE LEVEL | 2025-27 LFO RECOMMENDED |
| Other Funds | 9,086,439 | 11,391,000 | 12,594,688 | 14,259,298 |
| TOTAL FUNDS | 9,086,439 | 11,391,000 | 12,594,688 | 14,259,298 |
| Positions | 22 | 24 | 24 | 24 |
| FTE | 22.00 | 23.63 | 24.00 | 24.00 |

The Oregon Board of Pharmacy (OBOP) regulates the practice of pharmacy as well as the quality, commerce, and distribution of drugs within and into Oregon. The agency is responsible for the licensure of individuals including pharmacists, pharmacy technicians, and pharmacy interns. The agency is also responsible for the registration and inspection of hospital and retail pharmacies, drug wholesalers and manufacturers, over-the-counter drug outlets, and other locations. In addition, the agency conducts investigations into potential violations of Oregon pharmacy laws and may impose fines.

The agency is supported entirely by Other Funds generated from license and examination fees from pharmacists, pharmacy technicians, and pharmacy interns, as well as the registration of various drug outlets. The remaining revenue sources are civil penalties, fines, and interest earnings.

LFO recommends a budget for OBOP totaling \$14.3 million Other Funds with 24 positions (24.00 FTE) which is a 25.2% increase from the 2023-25 legislatively approved budget and a 13.2% increase to the 2025-27 current service level. The recommendation leaves OBOP with an ending fund balance equivalent to approximately six months of operating reserves. OBOP requires an ending balance equivalent to three to six months of operating expenses, and may need to increase fees during the 2027-29 biennium to maintain a sufficient level of reserves.

Increases from the current service level in the LFO recommended budget are primarily driven by the agency's licensing system replacement project. The one-time costs of the project, as well as the agency's general operating expenses, will be partially funded next biennium by a recommended fee increase. These increases are included in the following policy option packages:

- Package 101 would increase licensing and registration fees by 40%, which is anticipated to increase revenues by \$3.5 million in the 2025-27 biennium. The Board has 34 different categories of licensure and registration. The most common individual license types issued are for pharmacists and certified pharmacy technicians. With this fee increase, the cost of a two-year pharmacist license would increase from \$250 to \$350, and a two-year certified pharmacy technician license would increase from \$100 to \$140. The most common drug outlet registration is for certain non-prescription drug outlets. Under this proposal, fees for this registration type would increase from \$75 to \$105. Fees were last increased for most license and registration types in 2019.
- Package 102 increases Other Funds expenditure limitation by \$1.5 million. The Board's current licensing system will not be supported after July 2026, and the Board will need to go through the procurement process for a new system.
- Package 103 includes \$126,441 in Other Funds expenditure limitation to cover the costs of continuing the Health Professional Services Program at the end of the current contract. This program allows the Board to refer licensees for monitoring of drug testing as part of disciplinary orders. This package includes increases in costs due to the planned departure of other health licensing boards from the program.
- Package 104 includes \$38,169 Other Funds to reclassify the agency's Licensing and Permitting Manager.

Adjustments to Current Service Level

See attached "Work Session Presentation Report."

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

Accept LFO Recommendation

MOTION: I move the LFO recommendation to HB 5028. *(vote)*

OR

Modify LFO Recommendation

MOTION: I move the LFO recommendation to HB 5028, with modifications. *(vote)*

Performance Measures

See attached “Legislatively Proposed 2025-27 Key Performance Measures.”

Accept LFO Recommendation

MOTION: I move the LFO recommendation on Key Performance Measures. *(vote)*

OR

Modify LFO Recommendation

MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. *(vote)*

Amendment

LFO recommends a budget of \$14,259,298 Other Funds and 24 positions (24.00 FTE), which is reflected in the –1 amendment.

MOTION: I move adoption of the –1 amendment to HB 5028. *(vote)*

Final Subcommittee Action

LFO recommends that HB 5028, as amended by the –1 amendment, be moved to the Ways and Means Full Committee.

MOTION: I move HB 5028, as amended, to the Full Committee with a do pass recommendation. *(vote)*

Carriers

Full Committee:

House Floor:

Senate Floor:

LFO102 - Work Session Presentation Report
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended
Cross Reference: 85500-000-00-00-00000
Pharmacy, Board Of

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------------|---------------|------------------------|--------------------------|-------------------|-----------|----------------------------|
| 2023-25 Agy. Leg. Adopted | - | - | 10,709,144 | - | - | - | 10,709,144 | 23 | 23.00 |
| 2023-25 Ebds, SS & Admin Act | - | - | 681,856 | - | - | - | 681,856 | 1 | 0.63 |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2023-25 Leg Approved Budget | - | - | 11,391,000 | - | - | - | 11,391,000 | 24 | 23.63 |
| 2023-25 Leg Approved Budget (Base) | - | - | 11,391,000 | - | - | - | 11,391,000 | 24 | 23.63 |
| Summary of Base Adjustments | - | - | 744,141 | - | - | - | 744,141 | - | 0.37 |
| 2025-27 Base Budget | - | - | 12,135,141 | - | - | - | 12,135,141 | 24 | 24.00 |
| 010: Non-PICS Pers Svc/Vacancy Factor | - | - | 39,079 | - | - | - | 39,079 | - | - |
| 020: Phase In / Out Pgm & One-time Cost | - | - | 42,733 | - | - | - | 42,733 | - | - |
| 030: Inflation & Price List Adjustments | - | - | 377,735 | - | - | - | 377,735 | - | - |
| 2025-27 Current Service Level | - | - | 12,594,688 | - | - | - | 12,594,688 | 24 | 24.00 |
| Adjusted 2025-27 Current Service Level | - | - | 12,594,688 | - | - | - | 12,594,688 | 24 | 24.00 |
| Total LFO Recommended Packages | - | - | 1,664,610 | - | - | - | 1,664,610 | - | - |
| 2025-27 Legislative Actions | - | - | 14,259,298 | - | - | - | 14,259,298 | 24 | 24.00 |
| Net change from 2023-25 Leg Approved Budget | - | - | 2,868,298 | - | - | - | 2,868,298 | - | 0.37 |
| Percent change from 2023-25 Leg Approved Budget | 0.0% | 0.0% | 25.2% | 0.0% | 0.0% | 0.0% | 25.2% | 0.0% | 1.6% |
| Net change from 2025-27 Adj Current Service Level | - | - | 1,664,610 | - | - | - | 1,664,610 | - | - |
| Percent change from 2025-27 Adj Current Service Level | 0.0% | 0.0% | 13.2% | 0.0% | 0.0% | 0.0% | 13.2% | 0.0% | 0.0% |

LFO102 - Work Session Presentation Report
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 85500-001-00-00-00000

Board of Pharmacy

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|---|--------------|---------------|-------------------|---------------|------------------------|--------------------------|-------------------|-----------|----------------------------|
| 2023-25 Agy. Leg. Adopted | - | - | 10,709,144 | - | - | - | 10,709,144 | 23 | 23.00 |
| 2023-25 Ebds, SS & Admin Act | - | - | 681,856 | - | - | - | 681,856 | 1 | 0.63 |
| Ways & Means Actions | - | - | - | - | - | - | - | - | - |
| 2023-25 Leg Approved Budget | - | - | 11,391,000 | - | - | - | 11,391,000 | 24 | 23.63 |
| 2023-25 Leg Approved Budget (Base) | - | - | 11,391,000 | - | - | - | 11,391,000 | 24 | 23.63 |
| Summary of Base Adjustments | - | - | 744,141 | - | - | - | 744,141 | - | 0.37 |
| 2025-27 Base Budget | - | - | 12,135,141 | - | - | - | 12,135,141 | 24 | 24.00 |
| 010: Non-PICS Pers Svc/Vacancy Factor | - | - | 39,079 | - | - | - | 39,079 | - | - |
| 020: Phase In / Out Pgm & One-time Cost | - | - | 42,733 | - | - | - | 42,733 | - | - |
| 030: Inflation & Price List Adjustments | - | - | 377,735 | - | - | - | 377,735 | - | - |
| 2025-27 Current Service Level | - | - | 12,594,688 | - | - | - | 12,594,688 | 24 | 24.00 |
| Adjusted 2025-27 Current Service Level | - | - | 12,594,688 | - | - | - | 12,594,688 | 24 | 24.00 |
| Total LFO Recommended Packages | - | - | 1,664,610 | - | - | - | 1,664,610 | - | - |
| 2025-27 Legislative Actions | - | - | 14,259,298 | - | - | - | 14,259,298 | 24 | 24.00 |
| Net change from 2023-25 Leg Approved Budget | - | - | 2,868,298 | - | - | - | 2,868,298 | - | 0.37 |
| Percent change from 2023-25 Leg Approved Budget | 0.0% | 0.0% | 25.2% | 0.0% | 0.0% | 0.0% | 25.2% | 0.0% | 1.6% |
| Net change from 2025-27 Adj Current Service Level | - | - | 1,664,610 | - | - | - | 1,664,610 | - | - |
| Percent change from 2025-27 Adj Current Service Level | 0.0% | 0.0% | 13.2% | 0.0% | 0.0% | 0.0% | 13.2% | 0.0% | 0.0% |

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 101 Licensing Fee Increase

Package Description This package will allow the agency to raise enough revenue to adjust for inflated costs and run current programs. This 40 percent fee increase may only last the agency through the 2027-29 biennium if all recommended policy option packages are approved.

LFO Recommendation The Legislative Fiscal Office recommends approval.

| | | | | | | | | | |
|-----------------|---|---|---|---|---|---|---|---|---|
| LFO Recommended | - | - | - | - | - | - | - | - | - |
|-----------------|---|---|---|---|---|---|---|---|---|

LFO102 - Work Session Presentation Report
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 85500-001-00-00-00000

Board of Pharmacy

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 102 Licensing Database Maintenance

Package Description This package will increase expenditure limitation to modernize OBOP's licensing database. The agency's current system is no longer supported. This is a one-time increase for the 2025-27 biennium.

LFO Recommendation The Legislative Fiscal Office recommends approval.

| | | | | | | | | | |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|
| LFO Recommended | - | - | 1,500,000 | - | - | - | 1,500,000 | - | - |
|-----------------|---|---|-----------|---|---|---|-----------|---|---|

LFO102 - Work Session Presentation Report
2025-27 Biennium

Version: L - 01 - LFO Analyst Recommended

Cross Reference: 85500-001-00-00-00000

Board of Pharmacy

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 103 HPSP Ongoing Services

Package Description This package will increase ongoing expenditure limitation to cover the estimated additional cost of participating in the Health Professional Services Program.

LFO Recommendation The Legislative Fiscal Office recommends approval.

| | | | | | | | | | |
|-----------------|---|---|---------|---|---|---|---------|---|---|
| LFO Recommended | - | - | 126,441 | - | - | - | 126,441 | - | - |
|-----------------|---|---|---------|---|---|---|---------|---|---|

| | General Fund | Lottery Funds | Other Funds | Federal Funds | Nonlimited Other Funds | Nonlimited Federal Funds | Total Funds | Positions | Full-Time Equivalent (FTE) |
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|
|--|--------------|---------------|-------------|---------------|------------------------|--------------------------|-------------|-----------|----------------------------|

Package 104 Staffing Reclasses

Package Description This package will reclassify the agency's Licensing and Permitting Manager to align the position classification with actual position duties. The reclassification has been approved by the Chief Human Resources Office.

LFO Recommendation The Legislative Fiscal Office recommends approval.

| | | | | | | | | | |
|-----------------|---|---|--------|---|---|---|--------|---|---|
| LFO Recommended | - | - | 38,169 | - | - | - | 38,169 | - | - |
|-----------------|---|---|--------|---|---|---|--------|---|---|

Legislatively Proposed 2025 - 2027 Key Performance Measures

Published: 4/28/2025 4:54:11 PM

Agency: Board of Pharmacy

Mission Statement:

The Oregon Board of Pharmacy serves to promote and protect public health, safety, and welfare by ensuring high standards in the practice of pharmacy and through effective regulation of the manufacture and distribution of drugs.

| Legislatively Proposed KPMs | Metrics | Agency Request | Last Reported Result | Target 2026 | Target 2027 |
|---|--------------------------------|----------------|----------------------|-------------|-------------|
| 1. Percent of inspected pharmacies that are in compliance annually. | | Approved | 64% | 85% | 85% |
| 2. Percentage of individual and facility licenses that are issued within 30 days. | | Approved | 74% | 75% | 75% |
| 3. Percent of pharmacies inspected every two years. | | Approved | 63% | 50% | 50% |
| 4. Average number of days to complete an investigation from complaint to board presentation. | | Approved | 138.25 | 100 | 100 |
| 5. Customer Service - 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. | a) Timeliness | Approved | 75% | 90% | 90% |
| | b) Expertise | | 91% | 90% | 90% |
| | c) Accuracy | | 85% | 90% | 90% |
| | d) Helpfulness | | 84% | 90% | 90% |
| | e) Overall | | 83% | 90% | 90% |
| | f) Availability of Information | | 77% | 90% | 90% |
| 6. Board Best Practices - Percent of total best practices met by the Board. | | Approved | 70% | 100% | 100% |

LFO Recommendation:

LFO recommends approval of the KPMs and targets as presented.

SubCommittee Action: