

**Board of Pharmacy
Summary of Recommendations - House**

Section 1

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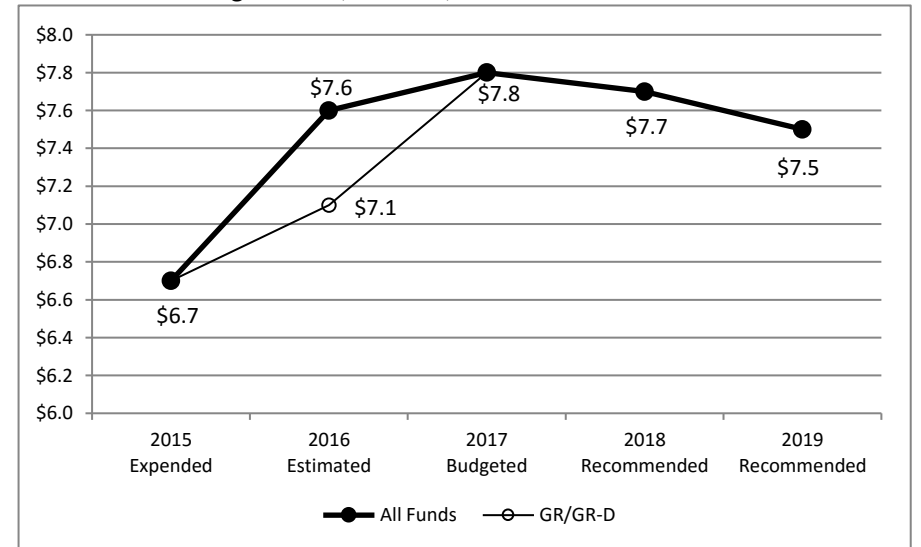
Gay Dodson, Executive Director

Elizabeth Krog, LBB Analyst

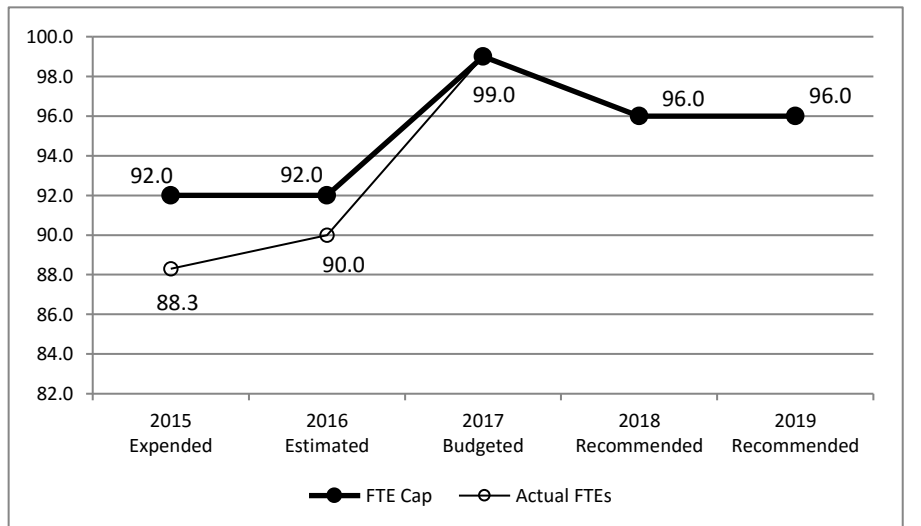
Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$14,858,054	\$15,108,696	\$250,642	1.7%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$14,858,054</i>	<i>\$15,108,696</i>	<i>\$250,642</i>	<i>1.7%</i>
Federal Funds	\$500,000	\$0	(\$500,000)	(100.0%)
Other	\$28,030	\$28,030	\$0	0.0%
All Funds	\$15,386,084	\$15,136,726	(\$249,358)	(1.6%)

	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	99.0	96.0	(3.0)	(3.0%)

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 biennium.

Board of Pharmacy
Summary of Funding Changes and Recommendations - House

Section 2

Funding Changes and Recommendations for the 2018-19 Biennium compared to the 2016-17 Base Spending Level		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</i>							
A)	Increase to biennialize Prescription Monitoring Program funding.	\$800,913	\$0	\$0	\$0	\$800,913	A.1.1, B.1.1, C.1.1, C.1.2
B)	One-time federal funding of the Harold Rogers Prescription Drug Monitoring Grant to assist with the transfer and implementation of the Prescription Monitoring Program.	\$0	\$0	(\$500,000)	\$0	(\$500,000)	B.1.1
C)	Increase for the replacement of two vehicles.	\$44,000	\$0	\$0	\$0	\$44,000	B.1.1
D)	Increase for lump sum annual leave payments for employees eligible to retire in the 2018-19 biennium.	\$133,230	\$0	\$0	\$0	\$133,230	B.1.1
E)	Decrease for PC Replacements during the 2018-19 biennium to fund a six year PC refresh cycle.	(\$34,955)	\$0	\$0	\$0	(\$34,955)	B.1.1
<i>OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):</i>							
F)	Decrease for 1) \$69,625 for 1.0 FTE in licensing; 2) \$266,004 for 2.0 FTEs in inspections; 3) \$180,000 for testing of compound products; and 4) \$60,000 for other operating expenses, including staff training and travel; pursuant to four percent reduction.	(\$575,629)	\$0	\$0	\$0	(\$575,629)	A.1.1, B.1.1
G)	One time expenditure for acquisition of mobile information technology in the 2016-17 biennium.	(\$116,917)	\$0	\$0	\$0	(\$116,917)	A.1.1, B.1.1, C.1.1, C.1.2
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations		\$ 250,642	\$0	\$ (500,000)	\$0	\$ (249,358)	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>		\$ 978,143	\$0	\$0	\$0	\$ 978,143	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>		\$ (727,501)	\$0	\$ (500,000)	\$0	\$(1,227,501)	As Listed

**Board of Pharmacy
Selected Fiscal and Policy Issues - House**

1. **Sunset Review.** The agency is currently undergoing Sunset review (See Rider Highlights #5 Sunset Contingency). The Sunset Commission adopted the following recommendations: require wholesale pharmaceutical distributors to report their sales of controlled substances to the Prescription Monitoring Program (PMP), require pharmacists to query the PMP prior to dispensing a controlled substance and enter prescribing information within one business day of dispensing a controlled substance, and recommend a management action to develop a succession plan for impending retirements. The Sunset Commission recommends to continue the agency for twelve years.
2. **Peer Assistance Funding.** The agency's Peer Assistance Program was identified as behavioral health funding and included in the 2016-17 Statewide Behavioral Health Coordinated Expenditure Proposal and Plan. The Peer Assistance Program provides referrals to treatment providers, tracks compliance agreements, and provides education and support to impaired licensees. The agency's program, totaling \$0.5 million for the 2016-17 biennium, was exempt from the four percent General Revenue reduction. Recommendations continue \$0.5 million in funding for this program in the 2018-19 biennium (See Rider Highlights, #4 Contingency for Behavioral Health Funds and Items Not Included #8).
3. **Prescription Monitoring Program.** During the 2016-17 biennium, the agency implemented the Prescription Monitoring Program (PMP), a program transferred from the Department of Public Safety to the Board of Pharmacy on September 1, 2016 by SB 195 84(R). Article IX, Sec. 18.55 of the 2016-17 General Appropriations Act includes a contingency rider for \$2,111,920 in the 2016-17 biennium for the implementation of SB 195, contingent on the Board of Pharmacy, Texas Medical Board, Optometry Board, Board of Dental Examiners, Board of Nursing, Board of Veterinary Medical Examiners, and Board of Podiatric Medical Examiners charging a fee and generating revenue to cover the appropriation. However, the agency was unable to access contingent appropriation of \$1,311,007 in FY16 for the implementation of the program due to participating agencies being unable to charge the fee for the program until FY17. To offset the loss, the agency applied for and received a one-time federal grant of \$500,000 in FY16. The agency received the contingent appropriation of \$800,913 in FY17. Recommendations include an increase of \$800,913 in General Revenue over the 2016-17 base to fund the ongoing costs of the Prescription Monitoring Program at \$800,913 per fiscal year in the 2018-19 biennium (See Rider Highlights #6, Prescription Monitoring Program Funding and Items Not Included #1).
4. **Vehicle Replacement.** Recommendations provide \$66,000 for the replacement of three vehicles in the 2018-19 biennium that are projected to exceed 150,000 miles or ten years of age, an increase of \$44,000 above the 2016-17 funding levels (See Rider Highlights #2, Capital Budget and Items Not Included #7).
5. **Lump Sum Annual Leave Payout.** Recommendations include \$162,774 for anticipated lump sum annual leave payments to seven employees eligible to retire in the 2018-19 biennium, contingent on their retirement. The agency received \$29,544 in the 2016-17 biennium for lump sum annual leave payments, resulting in an increase of \$133,230 in General Revenue in the 2018-19 biennium for this purpose (See Rider Highlights #7, Lump Sum Retiree Payout).
6. **PCs Replacements.** Recommendations provide funding for PC replacements totaling \$32,395 for the 2018-19 biennium to fund a six-year PC refresh cycle, a reduction of \$34,955 from 2016-17 funding levels (See Rider Highlights #2, Capital Budget and Items Not Included #3).

**Board of Pharmacy
Rider Highlights - House**

Modification of Existing Riders

2. **Capital Budget.** Recommendations include capital budget authority for the replacement of three vehicles (\$66,000) and for the replacement of PCs (\$32,395) for a total of \$98,395 over the 2018-19 biennium. Recommendations reduce \$116,917 in capital budget funding for one-time acquisition of information technology in 2016-17 and \$34,955 to fund PC replacements at a six-year refresh cycle, for a total reduction of \$85,872 from the 2016-17 funding levels (See Selected Fiscal and Policy Issue #4 and #6 and Items Not Included #3 and #7).
4. **Contingency for Behavioral Health Funds.** Recommendations modify rider to extend the requirements to both years of the biennium and makes the funding of the agency's Peer Assistance Program contingent upon approval of a coordinated expenditure proposal in each year of the biennium in accordance with requirements of Art. IX, Sec. 10.04, Statewide Behavioral Health Strategic Plan and Coordinated Expenditures (See Selected Fiscal and Policy Issue #2 and Items Not Included #8).

New Riders

5. **Sunset Contingency.** Recommendations add a contingency provision for the agency's upcoming Sunset review (See Selected Fiscal and Policy Issue #1).
6. **Prescription Monitoring Program Funding.** Recommendations add a rider to include an informational listing of revenue estimated to be collected for the funding of the Prescription Monitoring Program in the 2018-19 biennium from agencies whose licensees access the program (See Selected Fiscal and Policy Issue #3 and Items Not Included #1).
7. **Lump Sum Retiree Payout.** Recommendations add a rider for funds appropriated for the purpose of lump sum payment of accrued annual leave to retiring employees. Recommendations include unexpended balance authority for these funds between fiscal years of the biennium, and a provision requiring that unspent funds dedicated for this purpose would lapse at the end of the biennium (See Selected Fiscal and Policy Issues #5).

**Board of Pharmacy
Items Not Included in Recommendations - House**

Section 5

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items - In Agency Priority Order

1)	Prescription Monitoring Program funding request above the recommended amounts of \$800,913 per fiscal year of the 2018-19 biennium. The funding request is for database management through a third party vendor.	\$597,204	\$597,204	0.0	No	Yes	\$597,204
2)	Salaries for 3.0 FTEs (\$335,629), testing for compounding products (\$180,000), and other operating expenses (\$60,000), including staff travel and training included in the agency's four percent reduction.	\$575,629	\$575,629	3.0	No	No	\$575,630
3)	Information technology including: 1) acquisition of information technology, including software and hardware updates and modernization of electronic mobile inspection (\$237,812); 2) PC replacements (\$15,955); and 3) acquisition of technology relating to the implementation of Voice Over Internet Protocol (\$58,000).	\$311,767	\$311,767	0.0	Yes	No	\$289,960
4)	Reclassification of 23 FTEs and corresponding adjustments to FTE salaries.	\$305,420	\$305,420	0.0	No	No	\$305,420
5)	Merit Salary Increase includes 3.4% salary increase for 75% of agency staff.	\$410,118	\$410,118	0.0	No	No	\$549,128
6)	14.0 additional FTEs for agency operations, including 12.0 FTEs in the area of Enforcement (6.0 Pharmacy Compliance Inspectors, 3.0 Investigators of Complaints, 1.0 Assistant Director of Enforcement, 1.0 Program Supervisor, 1.0 Attorney), 1.0 FTE Deputy Executive Director, and 1.0 Information Technology Security Analyst. This includes start up costs of \$0.1 million in the first year of the biennium.	\$2,058,949	\$2,058,949	14.0	Yes	No	\$1,898,574
7)	Vehicle replacement for 2 vehicles used for travel to conduct investigations of complaints.	\$44,000	\$44,000	0.0	No	No	\$132,000

Board of Pharmacy
Items Not Included in Recommendations - House

Section 5

		2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21
		GR & GR-D	All Funds	FTEs			
8)	Additional \$18,684 in Peer Assistance Program funding, as the third party vendor administering the program has requested an increase of funding for operating costs, advertising and auditing funding.	\$18,684	\$18,684	0.0	No	Yes	\$18,684
9)	Funding and authority for an Executive Director salary increase from \$130,462 to \$160,000 per fiscal year.	\$59,076	\$59,076	0.0	No	No	\$59,076
10)	William P. Hobby Building Maintenance funding to assist the Texas Facilities Commission in the upkeep and safety of the building.	\$200,000	\$200,000	0.0	No	No	\$200,000
TOTAL Items Not Included in Recommendations		\$4,580,847	\$4,580,847	17.0			\$4,625,676

**Board of Pharmacy
Appendices - House**

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* Appendix is not included - no significant information to report

Board of Pharmacy
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
LICENSING A.1.1	\$2,058,217	\$1,964,335	(\$93,882)	(4.6%)	Decrease in \$93,882 in General Revenue due to: -a decrease of \$69,625 for 1.0 FTE pursuant to the four percent reduction -a decrease of \$27,475 for capital budget expenditures and lump sum annual leave payments to retiring employees appropriated during the 2016-17 biennium -an increase of \$3,218 to biennialize funding for the Prescription Monitoring Program (PMP)
TEXAS.GOV A.1.2	\$432,700	\$432,700	\$0	0.0%	
Total, Goal A, MAINTAIN STANDARDS	\$2,490,917	\$2,397,035	(\$93,882)	(3.8%)	
ENFORCEMENT B.1.1	\$10,614,471	\$10,349,973	(\$264,498)	(2.5%)	Net decrease of \$264,498 in All Funds due to the following: -a decrease of \$500,000 in one-time federal funding of the Harold Rogers Prescription Monitoring Grant -a decrease of \$506,004 in General Revenue to eliminate 2.0 FTEs and reduce the testing of compounding products and other operating expenses pursuant to the four percent reduction -a decrease of \$143,561 in General Revenue for capital budget expenditures and lump sum annual leave payments to retiring employees appropriated during the 2016-17 biennium -an increase of \$44,000 in General Revenue for two replacement vehicles -an increase of \$162,774 in General Revenue for lump sum annual leave payments to retiring employees -an increase of \$678,293 in General Revenue to biennialize funding for the PMP
PEER ASSISTANCE B.1.2	\$467,325	\$467,325	\$0	0.0%	
Total, Goal B, ENFORCE REGULATIONS	\$11,081,796	\$10,817,298	(\$264,498)	(2.4%)	

Board of Pharmacy
Funding Changes and Recommendations - House, by Strategy -- ALL FUNDS

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
LICENSING - INDIRECT ADMINISTRATION C.1.1	\$270,369	\$286,725	\$16,356	6.0%	Net increase of \$16,356 in General Revenue due to: -a decrease of \$1,556 due to a decrease for capital budget expenditures and lump sum annual leave payments to retiring employees appropriated during the 2016-17 biennium -an increase of \$17,912 to biennialize funding for the PMP
ENFORCEMENT-INDIRECT ADMINISTRATION C.1.2	\$1,543,002	\$1,635,668	\$92,666	6.0%	Net increase of \$92,666 in General Revenue due to: -a decrease of \$8,824 due to a decrease for capital budget expenditures and lump sum annual leave payments to retiring employees appropriated during the 2016-17 biennium -an increase of \$101,490 to biennialize funding for the PMP
Total, Goal C, INDIRECT ADMINISTRATION	\$1,813,371	\$1,922,393	\$109,022	6.0%	
Grand Total, All Strategies	\$15,386,084	\$15,136,726	(\$249,358)	(1.6%)	

**Board of Pharmacy
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Cap	92.0	92.0	99.0	96.0	96.0
Actual/Budgeted	88.3	90.0	99.0	NA	NA

Schedule of Exempt Positions (Cap)					
Executive Director	\$109,716	\$130,462	\$130,462	\$130,462	\$130,462

Notes:

a) The agency requests authority and funding to increase the Executive Director's annual salary from \$130,462 to \$160,000 per fiscal year (See Items Not Included #9). The position is currently a Group 4 position with an amount not to exceed \$130,462. A Report on Executive Compensation at State Agencies, published by the State Auditor (Report No. 16-706), indicates a market average salary of \$147,211 for the Executive Director position.

b) The Sunset Commission adopted a recommendation on succession planning as six top agency officials, including the Executive Director, are eligible to retire in the 2018-19 biennium. The Sunset Advisory Commission Staff Report notes the board has concerns about attracting a qualified candidate for the Executive Director position, as the position is required to be a licensed pharmacist by statute and the current salary is below the salary of a pharmacist employed in the private sector.

Board of Pharmacy
Summary of Ten Percent Biennial Base Reduction Options Recommendations - House

Priority	Item	Description/Impact	Biennial Reduction Amounts			Potential Revenue Loss	Reduction as % of Program GR/GR-D Total	Included in Introduced Bill?
			GR & GR-D	All Funds	FTEs			
1)	Reduce Program Services	The agency would reduce program services, including the testing of compounded products and imaging of complaint files, resulting in a reduction of compounding products tested for contamination and an increase in hard-copy documentation of complaints. The reduction would also impact board and staff training, education, and staff travel.	\$242,000	\$242,000	0.0	\$0	2%	No
2)	Elimination of 10.0 FTEs from licensing, enforcement and agency operations	The agency would eliminate 10.0 FTEs, including 2.0 FTEs in licensing, 4.0 FTEs in enforcement, and 4.0 FTEs in agency operations. The impact of the elimination of 10.0 FTEs includes a reduction of pharmacies inspected, an increase of time in issuing or renewing licenses, and an increase of time in processing public information requests and agency contracts.	\$1,139,510	\$1,139,510	10.0	\$0	9%	No
TOTAL, 10% Reduction Options			\$1,381,510	\$1,381,510	10.0	\$0		