

**ITEM REDUCTIONS BY METHOD OF FINANCING**  
 81st Regular Session, 2010-11 Item Reductions  
 Automated Budget and Evaluation System of Texas (ABEST)

Date: 2/16/2010  
 Time: 4:03:42PM  
 Page: 1 of 9

Agency code: 515

Agency name: Board of Pharmacy

Item Priority and Name/ Method of Financing	2010	2011	Biennial Total	Target
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**1 Per Diem of State Board Members**

**Item Comment:** The per diem of state board members currently consists of compensatory per diem of \$30 per day for each day a board member conducts the business of the board. This amount has been reduced due to a corresponding reduced travel budget of the board. If the travel budget is reinstated, the compensatory per diem should be reinstated as well.

This reduction could be modified if the total agency reduction were re-calculated to exempt the one-time expenditure of \$943,228 and ongoing costs of \$206,321 to fund the HPC Shared Regulatory Database Migration. See Sec. 7, VIII-83 of the 2009 GPA.

The Shared Regulatory Database Project was approved by the 81st Legislature, as a solution to a critical situation that exists with a current computer system that has become technologically obsolete for 6 participating agencies. These 6 agencies are on a timeline for implementation of a new system to be completed by the end of FY2010. The cost of this one time project should be exempted from the participating agencies 5% budget reduction.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$3,000	\$3,000
<b>General Revenue Funds Total</b>	<b>\$3,000</b>	<b>\$3,000</b>
<b>Item Total</b>	<b>\$3,000</b>	<b>\$3,000</b>

**2 Equipment Furnishings for New FTE's**

**Item Comment:** The 81st Legislature provided appropriations for 10 new FTE's with corresponding appropriations for remodeling needs as well as furniture and equipment. Although there are some furniture needs that are unmet, the majority of needs have been filled. Since these expenditures were considered one-time expenditures in FY2010 only, a reduction in this area should also be considered a one-time reduction.

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GENERAL REVENUE FUNDS

1 General Revenue Fund	\$49,658	\$0
<b>General Revenue Funds Total</b>	<b>\$49,658</b>	<b>\$0</b>

\* - Indicates amount does not meet target requirements.

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<b>Item Total</b>	<b>\$49,658</b>	<b>\$0</b>		

**3 Printed Newsletter**

**Item Comment:** With a 5% budget reduction, the agency would no longer be able to publish a paper newsletter. Prior to the budget cuts of FY2003, the agency published four annual paper Newsletters, which were mailed to all licensees (pharmacists and pharmacies). Currently however, TSBP publishes and prints only two paper issues of the Newsletter and mails these issues to pharmacies only. Comments received from the agency's customer service survey indicate that even though the Newsletter is available online, licensees prefer a printed version.

The Newsletter is a valuable educational tool for pharmacists, pharmacy technicians, and pharmacy owners. The TSBP Newsletter provides information such as updates to the rules, articles regarding practice issues, and disciplinary actions taken against licensees and registrants. Without this educational tool, pharmacists and pharmacy technicians may not be aware of new rules or changes to the rules and thus be more likely to not be in compliance with the rules and laws.

This reduction could be modified if the total agency reduction were re-calculated to exempt the one-time expenditure of \$943,228 and ongoing costs of \$206,321 to fund the HPC Shared Regulatory Database Migration. See Sec. 7, VIII-83 of the 2009 GPA.

The Shared Regulatory Database Project was approved by the 81st Legislature, as a solution to a critical situation that exists with a current computer system that has become technologically obsolete for 6 participating agencies. These 6 agencies are on a timeline for implementation of a new system to be completed by the end of FY2010. The cost of this one time project should be exempted from the participating agencies 5% budget reduction.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$9,901	\$9,901
<b>General Revenue Funds Total</b>	<b>\$9,901</b>	<b>\$9,901</b>
<b>Item Total</b>	<b>\$9,901</b>	<b>\$9,901</b>

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**4 Education and Training**

**Item Comment:** One key factor influencing employee motivation & retention is the opportunity to continue to grow & develop job & career enhancing skills. A 5% reduction would reduce education & training for staff by 36%. As a result, staff would not be able to receive the necessary ongoing training &/or education needed to help them improve their skills.

In addition, this budget reduction would eliminate the publication of an Educational Brochure aimed at Pharmacy Technicians & Technician Trainees. The Brochure will provide education regarding the Technician's role as a member of the health care team, their training & registration requirements, compliance with pharmacy drug laws & rules, & most importantly, their responsibilities to the public. The TSBP has no funding for a formal education program – this Educational Brochure was a modest attempt to fill this gap.

The operation of the agency has been dramatically affected by the unprecedented growth of this registrant since passage of legislation requiring the registration of technicians in 2003 & technician trainees in 2005. Since FY03, the licensee population exploded from 28,064 licensees to 84,659 licensees in FY09 (202% cumulative increase). Of particular concern to the agency is the explosive growth in the number of complaints, which has a direct impact on the protection of the health & safety of the citizens of Texas. Since FY03, the agency has experienced a 176% increase in the number of complaints; a 246% increase in the number of disciplinary orders & a 38% increase in the number of days to resolve a complaint.

It is anticipated that the growth of the registration of pharmacy technicians will continue to challenge the agency. The Bureau of Labor Statistics' 2008-09 report estimates employment for pharmacy technicians will grow much faster than for the average occupation—up to a 32% increase by 2016

This reduction could be modified if the total agency reduction were re-calculated as show in Item #1

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$47,410	\$1,064		
<b>General Revenue Funds Total</b>	<b>\$47,410</b>	<b>\$1,064</b>		
<b>Item Total</b>	<b>\$47,410</b>	<b>\$1,064</b>		

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**5 Peer Assistance Program**

**Item Comment:** The establishment of a peer assistance program is authorized by Chapter 564 of the Texas Pharmacy Act. Currently, TSBP contracts with the Professional Recovery Network (PRN) to provide program services to pharmacists and eligible pharmacy students who are impaired by chemical abuse, or mental or physical illness.

SAMHSA statistics show during the last year 7.3% of all individuals 12 years and older are either diagnosed as impaired by drugs or alcohol. A loss of income in the peer assistance program will lessen PRN's ability to provide intervention, referral and monitoring of impaired Pharmacists because staff resources are currently stretched to monitor and provide support services to individuals currently in the program.

A cut to the budget might also mean reduced quality and a less intensive level of evaluations by addition professionals. In light of the current economic status of our country, the cost of evaluations is increasing due to the added expenses the practitioners are incurring. The inability to provide skilled, highly qualified clinicians is one of the assurances that participants are receiving not only the best evaluations to address their issues but also protecting the public by recognizing subtleties which might go unrecognized by less expensive and therefore less qualified practitioners.

Put very simply a 5% cut would reduce the ability of PRN to provide the level and quality of monitoring needed to assure the public safety is protected and the Pharmacy profession continues to be a viable career choice for the next generation.

This reduction could be modified if the total agency reduction were re-calculated to exempt the one-time expenditure of \$943,228 and ongoing costs of \$206,321 to fund the HPC Shared Regulatory Database Migration. See Sec. 7, VIII-83 of the 2009 GPA.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$3,418	\$6,836		
<b>General Revenue Funds Total</b>	<b>\$3,418</b>	<b>\$6,836</b>		
<b>Item Total</b>	<b>\$3,418</b>	<b>\$6,836</b>		

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**6 Conference Travel Board and Staff**

**Item Comment:** Conference travel for board members and staff has been reduced by 42%. The impact will be a reduction in required continuing education for staff pharmacists attorneys, and pharmacy technicians that can be obtained at professional meetings. Conferences also include Board Forums which require the participation of several board members, a board educational exhibit, and representation at annual pharmaceutical meetings. These meetings enable members to discuss and inform other board members from other states, of Texas laws/rules and any changes of interest to other members.

Opportunities exist for the Board to continue its national leadership role in progressive pharmacy regulation. These opportunities can be acted upon through the Board and staff's involvement in state and professional meetings.

This reduction could be modified if the total agency reduction were re-calculated to exempt the one-time expenditure of \$943,228 and ongoing costs of \$206,321 to fund the HPC Shared Regulatory Database Migration. See Sec. 7, VIII-83 of the 2009 GPA.

The Shared Regulatory Database Project was approved by the 81st Legislature, as a solution to a critical situation that exists with a current computer system that has become technologically obsolete for 6 participating agencies. These 6 agencies are on a timeline for implementation of a new system to be completed by the end of FY2010. The cost of this one time project should be exempted from the participating agencies 5% budget reduction.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$15,540	\$15,540	
<b>General Revenue Funds Total</b>	<b>\$15,540</b>	<b>\$15,540</b>	
<b>Item Total</b>	<b>\$15,540</b>	<b>\$15,540</b>	

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<b>7 Field Service Travel</b>				
<b>Item Comment:</b> Reductions in field service travel are one time reductions in FY2010 only, based on the delayed hiring of field positions.				
The lapsed field travel must be reinstated in FY12-13 because these positions will be filled. If field travel is permanently reduced, field investigators and compliance personnel would be unable to perform his/her primary job duties, as described below:				
1. Field investigators would not be able to conduct investigations of complaints alleging serious violations of pharmacy laws and rules, such as diversion of controlled substances and dispensing errors causing harm or injury to Texas patients. If field investigations are not performed in a timely manner, the violations will continue, which will, in turn, have an impact on the public's health, safety, and welfare. Specifically, errors could continue and drugs could continue to be diverted from pharmacies to illegitimate channels (e.g., drugs sold to drug dealers).				
2. Field Compliance Program staff members conduct inspections on a daily basis. Every week that an inspector cannot travel would result in fewer pharmacies in Texas being inspected. TSBP has only a minimal number of staff (7 FTEs) to inspect the 6,063 pharmacies located in Texas. With this number of staff, TSBP is able to inspect only one-third of the in-state pharmacies each year. As a result, there is a lengthy gap between inspections for most pharmacies.				
In addition, TSBP conducts inspections of pharmacies preparing high-risk sterile pharmaceuticals. It is important to the health and safety of Texas citizens that inspections be conducted in a timely manner.				
With regard to performance measures, the number of complaints resolved would decrease, the average time it takes to resolve a complaint would increase, and the number of inspections would decrease.				
GENERAL REVENUE FUNDS				
1 General Revenue Fund	\$18,030	\$0		
<b>General Revenue Funds Total</b>	<b>\$18,030</b>	<b>\$0</b>		
<b>Item Total</b>	<b>\$18,030</b>	<b>\$0</b>		

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**8 Merit Increase**

**Item Comment:** This budget reduction would eliminate merit increases for eligible agency employees.

TSBP was appropriated funds by the 81st Leg Session to support a merit increase system which rewards high-performing employees. Over the last few years, the agency has rewarded high performing employees with a one time merit bonus under the pay-for-performance system using any funds not expended. This one-time merit bonus does not raise the employee's annual salary & thus does not increase the salary for retirement purposes.

The amount contained in this reduction item will negate this legislative funding which would have allow the agency to fund a merit increase that increases an employee's salary within a salary group based on the employee's performance.

In a report submitted by the Senate Special Com on State Employee Compensation & Benefits to the 78th TX Leg in Jan 2003, the committee found that a "fully implemented pay-for-performance system would improve the State's ability to respond to the public service needs of Tx citizens." The report further stated that although the current merit system has the proper components available to make it effective, it is not an effective pay-for-performance system, primarily because it is not funded adequately."

The report further states that "funding for a pay-for-performance system is not currently available to agencies under the GAA. Instead, each agency's budget must absorb the costs of rewarding employees, while continuing to deliver all of the agency's normal services. Unfortunately, the current system may actually deter agencies from giving merit raises in an effort to maintain service levels."

In summary, the report states that "agencies not rewarding high performing employees run the risk of losing them & when the State loses these top employees, the entire culture & effectiveness of the workforce is jeopardized."

This reduction could be modified if the total agency reduction were re-calculated - see Item 1

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$63,197	\$129,747
<b>General Revenue Funds Total</b>	<b>\$63,197</b>	<b>\$129,747</b>
<b>Item Total</b>	<b>\$63,197</b>	<b>\$129,747</b>

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**9 Testing of Compounding Products**

**Item Comment:** Testing of pharmacy compounded products was authorized by SB 492 passed by the 79th session. The agency was appropriated funding in FY08-09 and additional funding in FY10-11 to implement this legislation. The impact of a 5% reduction to the FY2010/2011 budget would result in the elimination of 50% of the funding needed for this critical program.

The term “compounding” means the preparation, mixing, assembling, packaging, or labeling of a drug or device. These drugs or devices are compounded pursuant to a prescription for administration to a patient. Compounded products often include injectable sterile products – again, for the ultimate administration to a patient. The agency believes it is imperative that we test these compounded products for potency and that we test sterile compounded products for pyrogenicity and sterility.

The restoration of this funding is critical to the health & safety of the citizens of Texas. This reduction would not be necessary if the total agency reduction were re-calculated to exempt the one-time expenditure of \$943,228 and ongoing costs of \$206,321 to fund the HPC Shared Regulatory Database Migration. See Sec. 7, VIII-83 of the 2009 GPA.

The Shared Regulatory Database Project was approved by the 81st Legislature, as a solution to a critical situation that exists with a current computer system that has become technologically obsolete for 6 participating agencies. These 6 agencies are on a timeline for implementation of a new system to be completed by the end of FY2010. The cost of this one time project should be exempted from the participating agencies 5% budget reduction. Restoring 5% to the TSBP budget would allow the TSBP to restore a portion of the reduction shown under the Testing of Compounding Products.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$50,000	\$50,000
<b>General Revenue Funds Total</b>	<b>\$50,000</b>	<b>\$50,000</b>
<b>Item Total</b>	<b>\$50,000</b>	<b>\$50,000</b>

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**10 Lapsed Salaries**

**Item Comment:** The lapsed salaries identified in this reduction item are a one-time lapse in FY2010 only, due to delayed hiring of newly appropriated FTE's. The agency expects to be fully staffed by FY2011 and must retain these appropriations in the FY2012-2013 biennium in order to retain these critical staff.

As background, the 81st Texas Legislature approved appropriations for the agency that included 10 new FTE's in the Enforcement and Licensing areas to assist with the unprecedented growth of registrants as a result of legislation requiring the registration of pharmacy technicians in 2004 and pharmacy technician trainees in 2006. Since FY2003, the licensee population exploded from 28,064 licensees to 84,659 licensees in FY09 (202% cumulative increase). Of particular concern to the agency is the explosive growth in the number of complaints received, which has a direct impact on the protection of the health and safety of the citizens of Texas. Since FY2003, the agency has experienced a 176% increase in the number of complaints; a 246% increase in the number of disciplinary orders and a 38% increase in the number of days to resolve a complaint. Each area of growth is directly attributed to the increase in registrants.

It is anticipated that the growth of the registration of pharmacy technicians will continue to challenge the agency. The Bureau of Labor Statistics' 2008-09 report estimates employment for pharmacy technicians will grow much faster than for the average occupation—up to a 32 percent increase by 2016. In order for the Board to continue to protect the citizens of Texas, it must be adequately funded & staffed.

GENERAL REVENUE FUNDS

1 General Revenue Fund	\$82,942	\$2,645		
<b>General Revenue Funds Total</b>	<b>\$82,942</b>	<b>\$2,645</b>		
<b>Item Total</b>	<b>\$82,942</b>	<b>\$2,645</b>		
<b>Agency General Revenue Total</b>	<b>\$343,096</b>	<b>\$218,733</b>		
<b>Agency GR Dedicated Total</b>				
<b>Agency Grand Total</b>	<b>\$343,096</b>	<b>\$218,733</b>	<b>\$561,829</b>	<b>\$561,829</b>

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