



California State Board of Pharmacy
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BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF CONSUMER AFFAIRS
GOVERNOR EDMUND G. BROWN JR.

ORGANIZATIONAL DEVELOPMENT COMMITTEE

Stan Weisser, RPh, Chairperson, Board President
Amy Gutierrez, PharmD, Board Vice-President

a. FOR INFORMATION: Board and Committee Meeting Dates for 2014

Board Meeting dates for the remainder of 2014 is provided below. Based on discussion and action during this meeting, an additional one-day board meeting may be required to review and finalize the compounding regulations prior to initiating the 45-day comment period.

July 30-31, 2014 - This meeting is currently scheduled for Sacramento, but will most likely be moved to Southern California.

October 22-23, 2014 – Sacramento

A complete list of all board and committee dates for the year will be provided at the board meeting.

b. FOR INFORMATION: Board Meeting Dates for 2015

The committee will establish board meeting dates for 2015. These dates will be provided during the board meeting and then posted on the board's website.

c. FOR INFORMATION: Budget Update/Report

Attachment 1

1. Budget Report for 2013/14

The new budget year began July 1, 2013. The board's spending authorization for the year is \$15,840,000, which is a slight increase from the prior year. (As previously noted, this is primarily due to the restoration of staff pay resulting from the end of the furloughs as well as increases in pro rata, BreEZe funding and the addition of one inspector position.)

Expenditures: \$10,873,547

Maximum spending authority for year: \$15,840,000

Revenue Collected: \$10,602,028

Over the past several years the board has over expended its Attorney General authorized expenditures but has been able to redirect from other budget items to offset. This has

primarily been achieved through salary savings from vacant positions. Based on projections through the end of the year, the board will again exceed its authorized enforcement related expenditures including Attorney General and Office of Administrative Hearings expenditures. However, unlike in prior years, redirection this year is not possible. The current year budget contains language to allow programs within the Department of Consumer Affairs to submit a deficiency request to increase authorized expenditures for enforcement related costs. Board staff, in collaboration with the AG's Office and the DCA budget office, prepared the deficiency notice seeking an additional \$1.742 million in authorized expenditures. Executive Order No. E 13/14 was issued on April 7, 2014, granting the increase in current year expenditure authority.

As the expenditure charts illustrate the board has expended \$10,873,547 during the first eight months of the fiscal year. As budget charts detail, 54% of the board's expenditures are attributed to personnel and 18% are related to enforcement and 19% are related to pro rata paid to the department and other state agencies.

The board has collected \$10,602,028 in revenue this year. Revenue for the year is primarily from application and renewal fees accounting for 83% (\$8,759,631); with citation and fines accounting for about 13% (\$1,403,650). Cost recovery only accounts for about 4% (\$415,472) of the board's revenue.

Attachment 1 includes a copy of Executive Order No. E 13/14 as well as budget charts detailing our expenditures and revenue for the first eight months of this fiscal year.

2. Budget Report for 2014/15

In January the governor released his proposed budget for the 2014/15 fiscal year. Included in this proposed budget are additional resources and increased expenditure authority for the board. Board staff are meeting with committee consultants and testifying in committee hearings to advocate for the resources identified in the governor's budget. In May the governor will release a revised proposed budget which will reflect the administration's update position of expenditure authority. The board's final budget will be included in the enacted budget in June. The board will receive a report on the outcome of resource requests included in the final budget.

The chart below highlights budget change proposals that are currently included in the proposed 2014/15.

Cures – Combating RX Drug Abuse	AGPA (1.0); Research Program Specialist (1.0); Inspector (5.0); Sup. Inspector (1.0)
Enforcement Workload	AGPA (1.0); SSA (1.0)
SB 294 – Sterile Compounding	AGPA (1.0); OT (T) (1.0); SSA (1.0); Inspector (4.0)
SB 493 – APP	AGPA (1.0); OT (T) (0.5); SSA (0.5); Inspector (1.0)
Total Positions	20

3. Fund Condition Report

Attachment 2

Attachment 2 includes the projected fund condition report that reflects increased revenues based on fee increase effective July 1, 2014, as well as the increased enforcement expenditures. The regulation change that facilitated implementation of the fee increase was tentatively approved by the Office of Administrative Law.

The information below reflects the estimated fund condition with the tentatively approved fee increase:

2013/14	\$9,578,000	4.9 months in reserve
2014/15	\$6,419,000	2.8
2015/16	\$1,874,000	0.1

The committee, along with staff, continues to monitor the board's fund condition closely to ensure the financial solvency of the board.

4. Update on BreEZe and DCA's Plans for a New Computer System

Background

As we have previously advised the board, for a number of years the department has worked to replace and/or enhance its legacy licensing and enforcement tracking systems used by most DCA agencies. The system selected was a Commercial Off the Shelf Product (COTS) that was intended to streamline processes, provide better access for consumers and licensees and help programs within the department to gain better reporting tools.

The first release of the system occurred on October 8, 2013, and the department continues to work on additional changes to ensure the system is fully operational for the board's first deployment of the system. Concurrent with those efforts, work has begun for the Release Two boards, including our board.

Recent Update

Two board staff have been assigned to as the primary subject matter experts (SME) and have spent a considerable amount of time working of the preliminary configuration of the COTS product. Additional staff are brought in to assist as needed. It is our hope that using this strategy will minimize the impact to both board staff and operations in both licensing and enforcement. We have not received an official project plan for this release. It was initially anticipated that the board would transition to the new BreEZe system in the fall of 2014. Board staff have been advised by the DCA that the project "schedule is currently under negotiation and that it would be practical to expect his date to move."

Additional information will be provided at future board meetings and the Organization Development Committee will be apprised of issues and when milestones are met.

5. Updates on Board Member Attendance, Reimbursement and Mail Votes

Attachment 3

Based on discussion with committee members, Organization Committee reports will now include two additional elements: board member attendance and mail votes. As both activities are key to the success of the board, it was decided that reporting on both items is appropriate because the board is a public agency.

The third item reported is expenses and per diem payments to board members. These are hours and expenses claimed by board members during the indicated periods. Board members are paid for each day of a board meeting, but in accordance with board policy, may also submit hours for work performed doing additional board business. It is important to note that these figures only represent hours where reimbursement was sought. It is not uncommon for board members to waive their per diem payments.

Attachment 3 includes charts detailing all three items.

d. FOR INFORMATION: Personnel Update

Recruitments

- Janice Ray transferred from an intermittent position in the Complaint unit to a fulltime position in licensing processing change of PIC/DRC and DOB.
- Michael Ignacio joined the board in March as an inspector.
- Sara Mullen joined the board in April as an inspector.
- Michael Boluro-Ajayi also joined the board in April.
- Gabriela Coronado is the new staff services analyst conducting investigations on subsequent arrest notifications.
- Elizabeth Schlosser is a staff services analyst in licensing performing initial processing of sterile compounding pharmacy and other site licenses.

Departures

- Mercedes Hammitt transferred to the Bureau of Private Postsecondary Education.
- Suelynn Yee accepted a promotion at the Bureau of Private Postsecondary Education.
- Andrea Flores accepted an MST position at Board of Behavioral Sciences.
- Supervising Inspector Roger Toevs retired.
- Tammy White transferred to Dept. of Child Support Services.

Recruitments

- A tentative offer has been made for an associate governmental program analyst in responsible in the licensing unit responsible for the issuance of business licenses.
- Office technician responsible for cashiering initial applications.
- Office technician in responsible for processing pharmacy technician application.
- Intermittent office technician in the complaint unit
- Two pharmacy inspector positions.

Attachment 1

ALLOCATION FROM:

ALLOCATION TO:

<p><i>Authority:</i> Item 1110-402, Budget Act of 2013</p>	<p><i>Department/Item/Fund:</i> California Department of Consumer Affairs Board of Pharmacy 1110-001-0767 Board of Registered Nursing 1110-001-0761 Physical Therapy Board of California 1110-001-0759</p>
<p><i>Amount:</i> \$5,562,000</p>	<p><i>Schedule/Project:</i> (1) 72 – California State Board of Pharmacy (\$1,742,000)</p>
<p><i>Fund:</i> Pharmacy Board Contingent Fund, Professions and Vocations Fund (0767) Board of Registered Nursing Fund, Professions and Vocations Fund (0761) Physical Therapy Fund (0759)</p>	<p>(1) 78 – Board of Registered Nursing (\$3,500,000) (1) 58 – Physical Therapy Board of California (\$320,000)</p>
<p><i>Purpose:</i> Increase Office of Attorney General (\$1,542,000) and Office of Administrative Hearings (\$200,000) expenditures by the California State Board of Pharmacy; increase Office of Attorney General (\$3,500,000) expenditures by the Board of Registered Nursing; increase Office of Attorney General (\$320,000) expenditures by the Physical Therapy Board of California, all as authorized by Item 1110-402, Budget Act of 2013. 30-day notification went to the Legislature on March 7, 2014. This Executive Order is being processed 30 days after that date.</p>	

Approved in accordance with the authority cited above.

DEPARTMENT OF FINANCE
MICHAEL COHEN
Director

By: Jeff Carosone
Jeff Carosone
Principal Program Budget Analyst

Date: 4-7-14



March 7, 2014

Honorable Mark Leno, Chair
Joint Legislative Budget Committee
Senate Budget and Fiscal Review Committee

Honorable Nancy Skinner, Chair
Assembly Budget Committee

Honorable Kevin de León, Chair
Senate Appropriations Committee

Honorable Mike Gatto, Chair
Assembly Appropriations Committee

**Department of Consumer Affairs, Attorney General and Office of Administrative Hearings
Budget Augmentations**

Pursuant to Item 1110-402, Budget Act of 2013, the following report is respectfully submitted.

The Consumer Protection Enforcement Initiative Program (CPEI) allocated additional resources to the Department of Consumer Affairs' (DCA's) healing-arts boards to reduce the average amount of time taken to process a complaint through the enforcement process from three years to between 12 and 18 months. In recognition that the healing-arts boards would need to utilize additional Attorney General (AG) and Office of Administrative (OAH) services that could result in enforcement costs beyond the amounts appropriated, this authority was provided to allow the Department of Finance to augment the current year budgets of various healing-arts boards within the DCA. This request totals \$5,362,000 in AG costs and \$200,000 in OAH costs for the Board of Pharmacy, the Board of Registered Nursing, and the Physical Therapy Board and is broken down as follows:

- The DCA is requesting an augmentation of \$1,542,000 for the Board of Pharmacy's AG line item and an augmentation of \$200,000 for the Board of Pharmacy's OAH line item. The AG notes that the increased expenses are the result of a significant increase to the number of cases referred to the AG by the Board of Pharmacy. The Board of Pharmacy does not have savings that it is able to redirect for this purpose.
- The DCA is requesting an augmentation of \$3,500,000 for the Board of Registered Nursing's AG line item. The Board of Registered Nursing expects to exceed its current year AG line item by \$3,893,000, but will redirect \$393,000 in savings from other line items to minimize its augmentation. Because the Board of Registered Nursing has historically over-expended its AG and OAH line items, the 2014-15 Governors' Budget includes an augmentation to the Board of Registered Nursing's 2014-15 budget of \$2,700,000 for increased AG (\$2,500,000) and OAH (\$200,000) costs, in an effort to minimize or eliminate the need to utilize this augmentation provision next year.

- The DCA is requesting an augmentation of \$320,000 for the Physical Therapy Board's AG line item. The Physical Therapy Board expects to exceed its current year AG line item by \$383,000, but will redirect \$63,000 in savings from other line items to minimize its augmentation. Because the Physical Therapy Board has historically overexpended its AG line item, the 2014-15 Governors' Budget includes an augmentation to the Physical Therapy Board's 2014-15 budget of \$142,000 for increased AG costs, in an effort to minimize or eliminate the need to utilize this augmentation provision next year.

Under the CPEI, the healing arts boards have increased their efforts to remove licensees with serious violations of their practice statutes. As such, referrals to the AG's Office for prosecution have measurably increased as have the associated costs.

We concur with the necessity of these changes to the approved budgets and will be approving the augmentations not sooner than 30 days from the above date.

If you have any questions or need additional information regarding this matter, please call Jeff Carosone, Principal Program Budget Analyst, at (916) 445-8913.

MICHAEL COHEN
Director

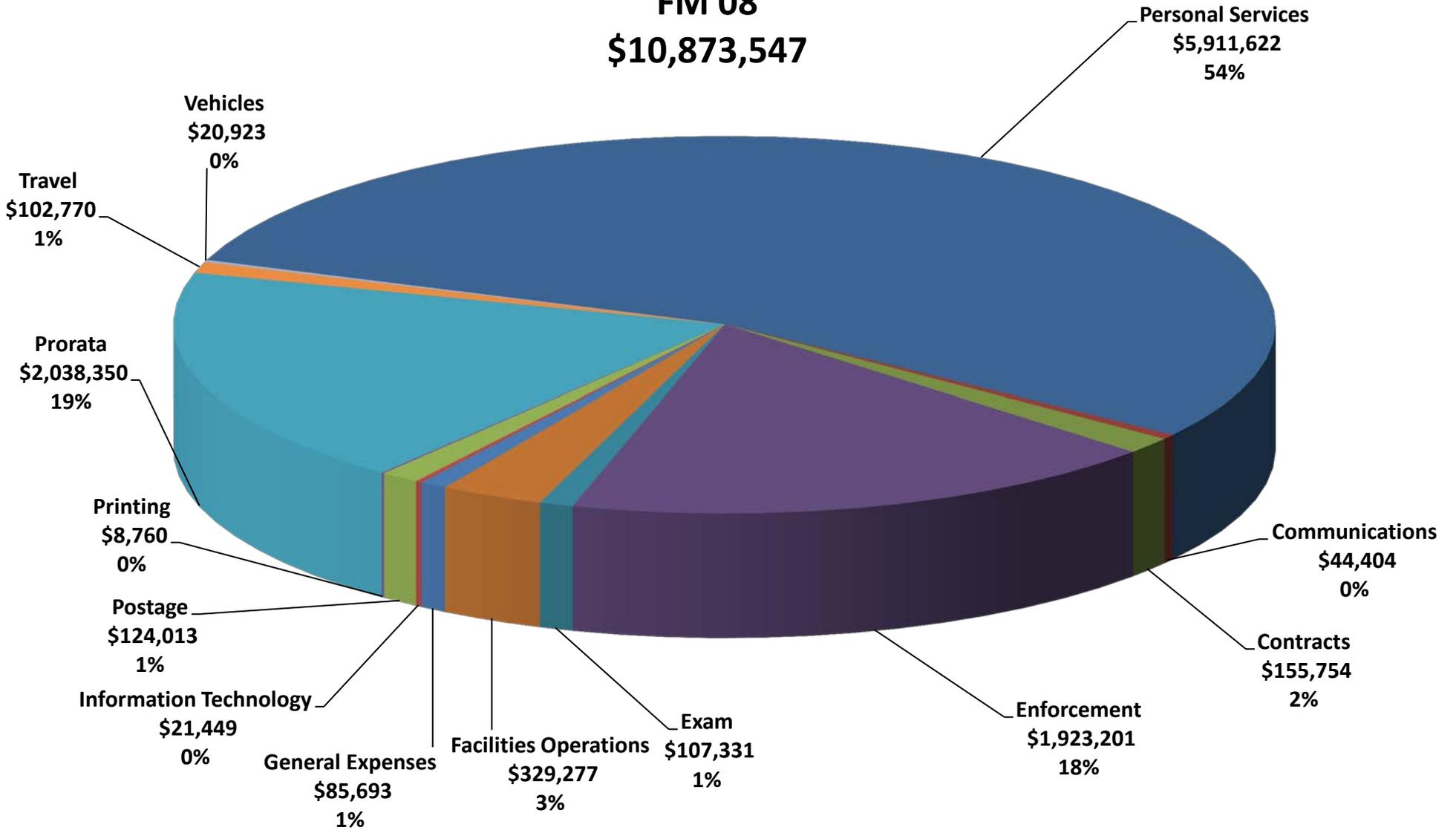
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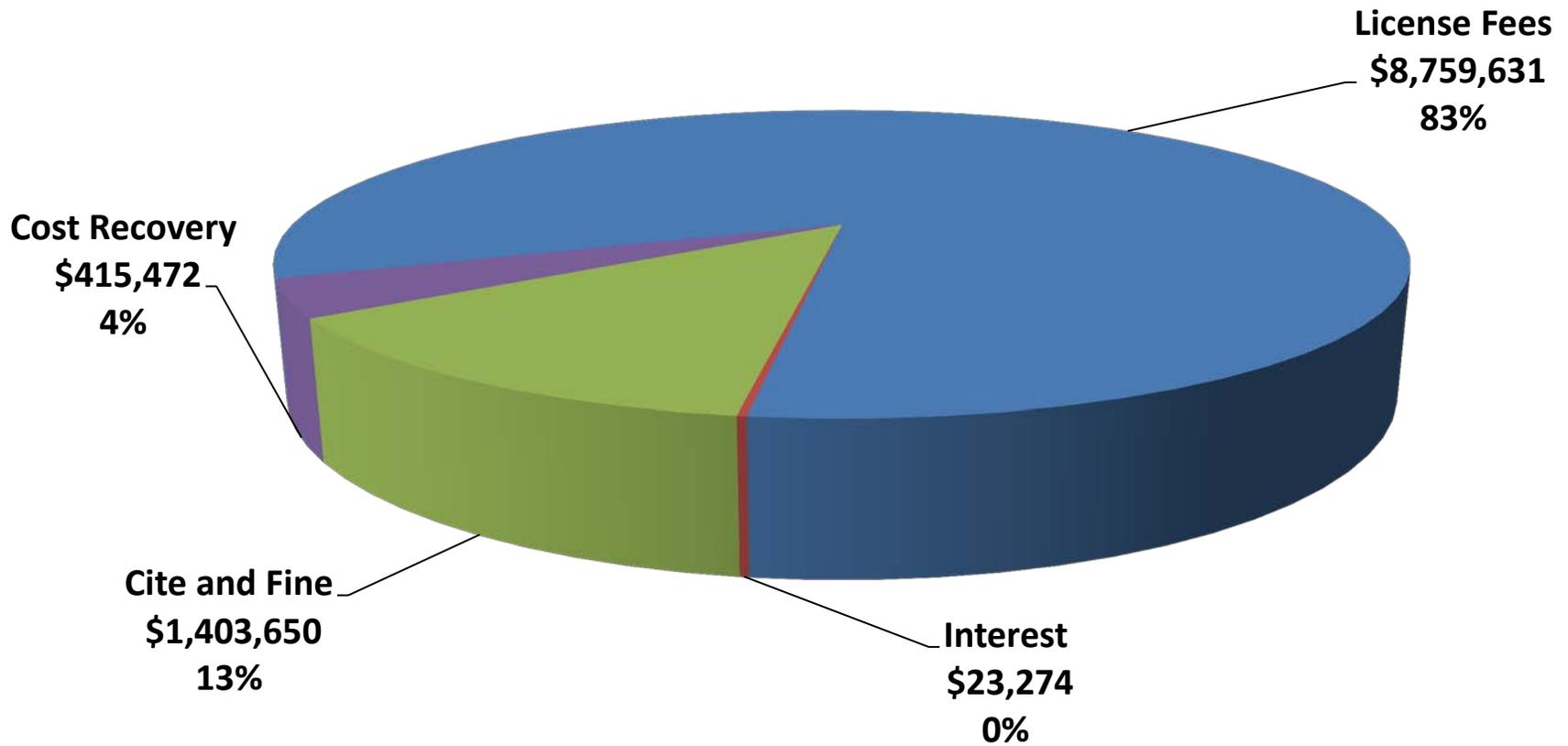
KEELY M. BOSLER
Chief Deputy Director

cc: Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Honorable Jeff Gorell, Vice Chair, Assembly Budget Committee
Honorable Richard Roth, Chair, Senate Budget and Fiscal Review Subcommittee No. 4
Honorable Tom Daly, Chair, Assembly Budget Subcommittee No. 4
Mr. Mac Taylor, Legislative Analyst (3)
Mr. Mark Ibele, Staff Director, Senate Budget and Fiscal Review Committee
Mr. Mark McKenzie, Staff Director, Senate Appropriations Committee
Mr. Seren Taylor, Staff Director, Senate Republican Fiscal Office
Mr. Craig Cornett, Senate President pro Tempore's Office (2)
Mr. Christian Griffith, Chief Consultant, Assembly Budget Committee
Mr. Geoff Long, Chief Consultant, Assembly Appropriations Committee
Mr. Eric Swanson, Staff Director, Assembly Republican Fiscal Committee
Ms. Deborah Gonzalez, Policy and Fiscal Director, Assembly Republican Leader's Office
Mr. Christopher W. Woods, Assembly Speaker's Office (2)
Ms. Tina Daley, Deputy Secretary, Fiscal Operations, Business, Consumer Services, and Housing Agency
Mr. Awet Kidane, Chief Deputy Director, Department of Consumer Affairs
Ms. Sandra Mayorga, Deputy Director, Office of Administrative Services, Department of Consumer Affairs
Ms. Janice Shintaku-Enkoji, Fiscal Officer, Department of Consumer Affairs
Mr. Taylor Schick, Budget Officer, Department of Consumer Affairs

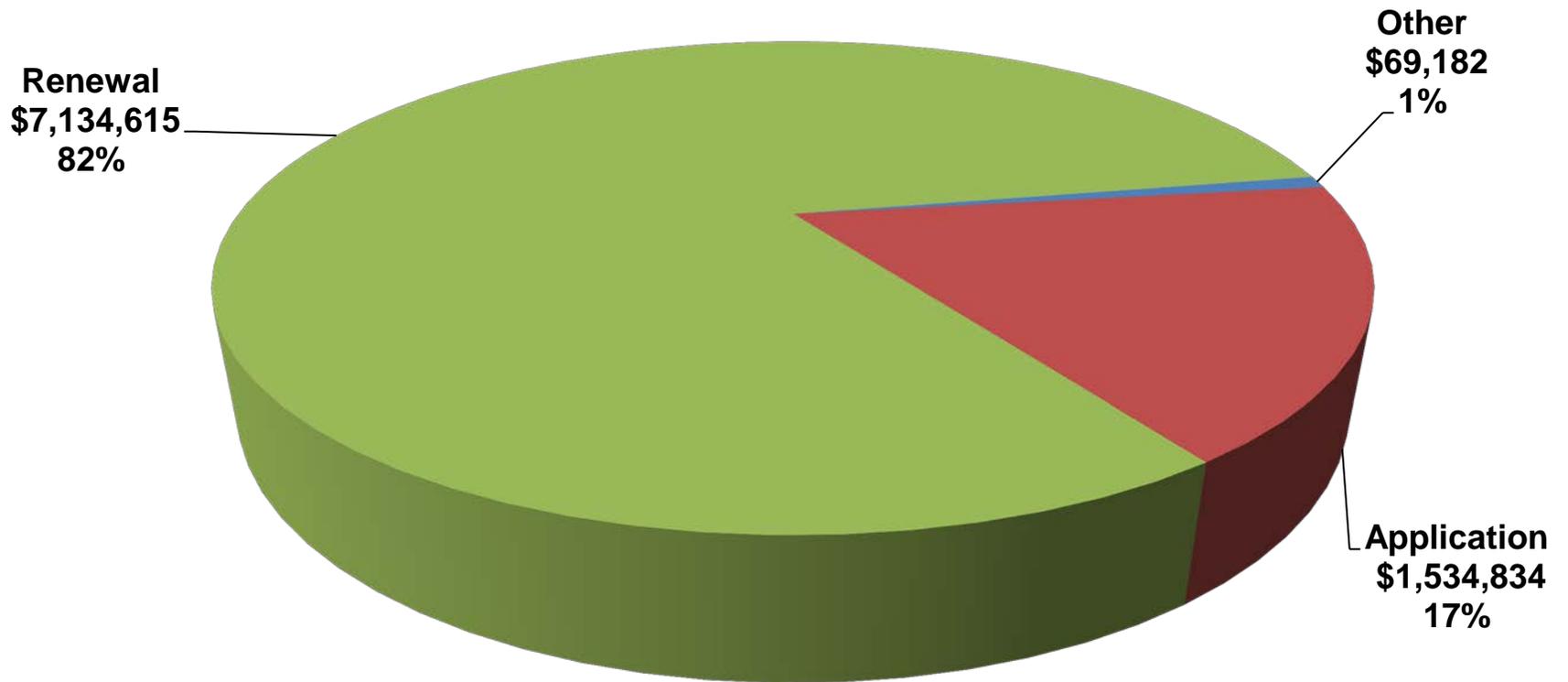
**Expenditures
FY 2013/2014
FM 08
\$10,873,547**



**Origin of Revenue
FY 2013/2014
FM 08
\$10,602,028**



**Application vs. Renewal Fees
FY 2013/2014
FM 08
\$8,738,631**



Attachment 2

0767 - State Board of Pharmacy Analysis of Fund Condition

Prepared 4/8/2014

(Dollars in Thousands)

2014-15 Governor's Proposed Budget with approved Attorney General BBL request and proposed regulatory fee increase	Governor's Budget				
	ACTUAL 2012-13	CY 2013-14	BY 2014-15	BY +1 2015-16	BY +2 2016-17
BEGINNING BALANCE	\$ 13,557	\$ 13,595	\$ 7,837	\$ 4,678	\$ 127
Prior Year Adjustment	\$ 40	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance	\$ 13,597	\$ 13,595	\$ 7,837	\$ 4,678	\$ 127
REVENUES AND TRANSFERS					
Revenues:					
125600 Other regulatory fees	\$ 2,503	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
125700 Other regulatory licenses and permits	\$ 2,469	\$ 2,123	\$ 2,123	\$ 2,123	\$ 2,123
125800 Renewal fees	\$ 8,742	\$ 8,485	\$ 8,485	\$ 8,485	\$ 8,485
Proposed Regulatory Fee Increase			\$ 3,237	\$ 3,237	\$ 3,237
125900 Delinquent fees	\$ 150	\$ 146	\$ 146	\$ 146	\$ 146
131700 Misc. revenue from local agencies	\$ 7	\$ 7	\$ 7	\$ 7	\$ 7
141200 Sales of documents	\$ -	\$ -	\$ -	\$ -	\$ -
142500 Miscellaneous services to the public	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
150300 Income from surplus money investments	\$ 42	\$ 29	\$ 17	\$ -	\$ -
150500 Interest Income From Interfund Loans	\$ -	\$ -	\$ -	\$ -	\$ -
160400 Sale of fixed assets	\$ 1	\$ 2	\$ 2	\$ 2	\$ 2
161000 Escheat of unclaimed checks and warrants	\$ 8	\$ 7	\$ 7	\$ 7	\$ 7
161400 Miscellaneous revenues	\$ 10	\$ 4	\$ 4	\$ 4	\$ 4
Totals, Revenues	\$ 13,933	\$ 12,004	\$ 15,229	\$ 15,212	\$ 15,212
Transfers from Other Funds					
F00001 GF Loan Repayment 1110-011-0767 BA of 2008	\$ -	\$ -	\$ 1,000	\$ -	\$ -
Transfers to Other Funds					
T00001 GF loan per Item 1490-011-0767 BA of 2002	\$ -	\$ -	\$ -	\$ -	\$ -
GF loan per Item 1110-011-0767 BA of 2008	\$ -	\$ -	\$ -	\$ -	\$ -
Totals, Revenues and Transfers	\$ 13,933	\$ 12,004	\$ 16,229	\$ 15,212	\$ 15,212
Totals, Resources	\$ 27,530	\$ 25,599	\$ 24,066	\$ 19,890	\$ 15,339
EXPENDITURES					
Disbursements:					
0840 State Operations	\$ 9	\$ 1	\$ -	\$ -	\$ -
8880 FISC (State Operations)	\$ 75	\$ 69	\$ 13	\$ -	\$ -
1110 Program Expenditures (State Operations)	\$ 13,851	\$ 15,951	\$ 19,375	\$ 19,763	\$ 20,158
BBL Request	\$ -	\$ 1,741	\$ -	\$ -	\$ -
Total Disbursements	\$ 13,935	\$ 17,762	\$ 19,388	\$ 19,763	\$ 20,158
FUND BALANCE					
Reserve for economic uncertainties	\$ 13,595	\$ 7,837	\$ 4,678	\$ 127	\$ -4,819
Months in Reserve	9.2	4.9	2.8	0.1	-2.8

NOTES:

- A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED FOR BY+1 AND ON-GOING.
- B. ASSUMES APPROPRIATION GROWTH OF 2% PER YEAR IN BY+1 AND ON-GOING..
- C. ASSUMES INTEREST RATE OF 0.3%

Attachment 3

Summary of Mail Votes (2014)

Background: The board must approve any decision or stipulation before the formal discipline becomes final and the penalty can take effect. Proposed stipulations and decisions are securely emailed to each board member for his or her vote. A two-week deadline generally is given for the mail ballots for stipulations and proposed decisions to be completed and returned to the board's office. After the deadline of 15 days and after seven votes from board members have been received, a decision has been reached.

From January 1, 2014 to April 7, 2014 the board received 118 mail votes for consideration. The table below summarizes each board member's participation in the mail voting process. The supporting data immediately follows.

Board Member	Total Number of Mail Votes Submitted	Percentage
Brooks	65	55%
Butler	61	52%
Castellblanch	0	0%
Gutierrez	109	92%
Hackworth	116	98%
Law	116	98%
Lippe	115	97%
Murphy	113	96%
Schaad*	83	98%
Veale	111	94%
Weisser	115	97%
Wheat	0	0%
Wong	99	84%

*Allen Schaad was appointed to the board in January of 2014. Mr. Schaad's percentage is calculated on votes of 84 cases.

Due Date of Votes	1/10/14	1/17/14	1/24/14	2/4/14	2/14/14	2/21/14	2/28/14	3/24/14	3/31/14	4/1-2/2014	4/7/14
Number of Cases Up For Vote	9	17	8	15	12	9	11	14	12	2	9
Brooks	9	9	0	12	0	8	0	10	8	1	8
Butler	8	16	8	14	0	0	0	1	12	2	0
Castellblanch	0	0	0	0	0	0	0	0	0	0	0
Gutierrez	7	17	6	14	12	7	10	13	12	2	9
Hackworth	9	17	8	14	12	8	11	14	12	2	9
Law	9	17	8	14	11	9	11	14	12	2	9
Lippe	9	17	8	15	11	9	11	12	12	2	9
Murphy	9	17	8	12	12	9	11	13	12	1	9
Schaad				15	12	9	11	13	12	2	9
Veale	3	17	8	15	11	9	11	14	12	2	9
Weisser	9	17	8	15	12	9	11	14	11	0	9
Wheat	0	0	0	0	0	0	0	0	0	0	0
Wong	9	16	6	14	11	7	0	13	12	2	9

**Board Member Reimbursement
And Travel Expense Expenses
FY 2013/2014**

June 1, 2013 – March 31, 2014

Board Members	Attendance Hours*	Travel Expenses**
Brooks, Ryan	40	\$1,337.26
Butler, Cheryl	88	\$135.76
Castellblanch, Ramón	88	0
Gutierrez, Amy	0	\$708.75
Hackworth, Rosalyn	72	\$4,219.55
Law, Victor	64	0
Lippe, Gregory	56	0
Murphy, Gregory	0	0
Schaad, Allen	0	0
Veale, Deborah	64	\$675.45
Weisser, Stanley	72	\$3,638.74
Wheat, Shirley	48	0
Wong, Albert	64	0

***Board Member Attendance Hours reflects the number of hours for which board members have been reimbursed. Board members may choose not to seek reimbursement for work performed for the board.**

****Board Member Travel Expenses reflects the amount of expenses for which board members have been reimbursed. Board members may choose not to seek reimbursement for travel expenses related to board business.**