

THE ORGANIZATIONAL PERSPECTIVE

BOARD STRUCTURE - POLICY-MAKING BODY

The policy-making body of the agency is a nine-member Board appointed by the Governor, with concurrence of the Senate, for staggered six-year terms. Six members must have been registered pharmacists in Texas for five years immediately preceding appointment, be in good standing with the Board, and continue to actively practice pharmacy while serving. In addition, the Board must have representation for licensed pharmacists who are primarily employed in community and institutional pharmacies. Three members of the Board must be representatives of the general public (i.e., non-pharmacist, consumer representatives).

The Board has the responsibility for the administration and the enforcement of the Texas Pharmacy Act and Texas Dangerous Drug Act. Through the jurisdiction provided in these acts, the Board has the responsibility of regulating three distinct but interrelated and inseparable elements - the persons who dispense prescription drugs to the public (pharmacists) and who assist the pharmacist (pharmacy technicians); the place where prescription drugs are dispensed to the public (pharmacies); and the delivery of dangerous drugs (prescription drugs that are not classified as controlled substances).

Given the unique responsibilities of the Board, input regarding issues under the jurisdiction of the agency is obtained through a myriad of sources, including the following:

- (1) Task Forces – an ongoing significant part of the policy-making structure of the agency is the Board's use of professional ad hoc task forces in its pre-rulemaking process. These ad hoc task forces are composed of individuals who possess expertise helpful to the Board, both in the initial development and modification of agency rules. The result is that the rules governing pharmacy practice are formulated in the best interest of the public and, at the same time, represent an appropriate level of regulation.
- (2) Public Testimony at Public Hearings/Board Meetings – Any person can offer written comments on proposed rules that TSBP has published in the *Texas Register*. A person can request a public hearing on any proposed rule. If a public hearing is conducted, any person can offer verbal comments about the proposed rule. Persons who attend Board meetings may comment on any agenda item, when recognized by the Board President. If a person wishes to speak to the Board at a public meeting about an issue not already intended for discussion, the person must submit a request in writing six weeks prior to the date of the Board meeting.
- (3) Texas Pharmacy Congress – This group is composed of representatives of the six colleges of pharmacy in Texas, the three major professional associations in Texas, and TSBP. The Congress meets quarterly to discuss issues of mutual concern. Each entity reports on activities and programs, and together the group addresses problems and recommends solutions.
- (4) Pharmacy Organizations – TSBP receives input from these groups on a regular basis; any suggested issues are scheduled for discussion at Board meetings.

- (5) Customer Service Survey – Beginning in FY2000, the TSBP has conducted surveys of agency customers regarding the quality of service delivered by the agency as specified in Chapter 2113 of the Government Code. Following each survey, a report was made to the Board regarding comments and recommendations that had been made on a myriad of issues. Many of the customers' suggestions resulted in changes to agency operations.
- (6) Individuals – Board Members are individually contacted about issues and the agency receives visits, letters, and telephone calls regarding issues. These issues may be addressed at Board meetings, which may result in rule changes.

AGENCY DIVISIONS AND STAFF MANAGEMENT

The agency's office headquarters is located at 333 Guadalupe Street, Suite 3-600, Austin, Texas, in the central quadrant of the city. In FY2008, agency staff totaled 62 positions, consisting of five management, 18 professionals, 26 para-professionals, and 13 administrative support staff. Thirteen employees (six Compliance Officers/Inspectors and seven Investigators) operate in field areas outside the main office and function under the supervision of their respective Division Directors.

Pharmacy practice regulation is unique since it regulates individuals (pharmacists and pharmacy technicians), facilities (pharmacies), and products (prescription drugs). Therefore, interaction and coordination between the divisions of the agency and their staff members are crucial and integral parts of the effectiveness of our efforts.

As of March 2008, the agency licenses approximately 24,056 pharmacists, 6,364 pharmacies, and registers 47,351 pharmacy technicians and trainees over a land area of approximately 270,000 square miles. The agency's limited numbers of Compliance and Investigative staff are challenged in the regular monitoring of these licensees by travel distances. All geographic regions are served by the agency. The field staffs of six Compliance Officers/Inspectors and seven Investigators are assigned regions that encompass the entire state, including the Texas border regions. In addition, medically under-served areas present specific challenges for comprehensive inspection/investigative efforts. These areas are defined as locales where medical care and, specifically, pharmacy services may be inaccessible due to distance and lack of transportation, and lack of (or inadequate) insurance coverage. Such situations may occur in rural, sparsely populated areas of the state and, conversely, in some densely populated urban areas of Texas.

The agency operates under a modified system of Management-By-Objectives (MBO). Goals and objectives are reviewed and approved annually by the Board Members. These objectives are directly tied to the agency's *Strategic Plan* and "operationalize" the *Strategic Plan*. The Executive Director manages the staff to accomplish the adopted objectives.

The Executive Director/Secretary serves as the executive officer of the agency and, as outlined in the Pharmacy Act, serves as an ex-officio member of the Board. The Executive Director/Secretary is responsible for advising the Board on policy matters, implementing Board policy, and managing the agency on a day-to-day basis.

Regarding management structure, the Director of Administrative Services and Licensing is responsible for overall supervision of the Licensing and Administrative Services programs. The Directors of Enforcement and Professional Services, and the General Counsel are responsible for their respective programs and personnel. Information program services are shared among the divisions of the agency. An organizational chart of the agency can be found in *Appendix B*.

HUMAN RESOURCE INVESTMENTS

Human resource investments are crucial to the continued efficiency and effectiveness of agency operations. In Texas government, as in the private sector, we must pay adequate wages if we expect to attract and retain quality employees. *Our employees are our most valuable resource and Texas cannot afford to have less than the best.* In addition to the initial investment of hiring qualified staff, the meeting of each employee's ongoing professional development and training needs is also crucial to the success of agency operations.

Human resource investments, such as provision of up-to-date technology and ongoing training for agency staff, help position the agency as public and private sector employers compete for the same work force pool. The agency has a distinct advantage in that it has a highly-educated and qualified staff who carry out their responsibilities in an efficient and effective, customer-service oriented manner. This proactive, progressive work environment, along with the general reputation of the agency, has definitely been an asset when recruiting staff. However, the fact that state salaries are not competitive with those in the private sector continues to hinder recruiting of qualified staff.

STAFFING PATTERN AND PROFILE

Agency employee turnover increased from 7.2% in FY2006, to 14.2% in FY2007. The turnover in pharmacist staff is a much more significant number and has more serious consequences. Turnover of pharmacist staff has been high – 57% in FY2001, 60% in FY2003, and 33.33% in FY2004. Even more dramatic is the number of pharmacist service years that have been lost – in FY2001, a total of 32.2 years of experience, with one pharmacist taking nearly 26 years of agency experience with him. In FY2003, a total of 52 pharmacist service years were lost. The agency is rapidly being depleted of talent in this crucial area – from a total of ten pharmacists (non-management) in FY2000, to a total of four pharmacists (non-management) in FY2006 and FY2007. This loss of pharmacist staff is especially disturbing since the pharmacist staff are a part of the succession for the Executive Director position, which is statutorily required to be a pharmacist. The reason for the high turnover rate can be directly attributed to an agency lack of funding for salaries. The State Classification Office has reviewed the salaries for pharmacists and made recommendations for increasing those salaries. During the 2007 Legislative Session the legislature increased the salary range for a Pharmacist II to \$71,405 - \$115,106 and the range for a Pharmacist III to \$102,007 - \$133,225. However, even though the Legislature established these new salary ranges, the agency was not funded to hire pharmacists at the increased salaries or to give equity adjustments to currently employed pharmacists.

The agency intends to request an increase in funding during the next Legislative Appropriations Request, to provide a reasonable equity adjustment to its agency pharmacists in order to bring their salaries more closely in line with a graduating, entry level pharmacist in Texas.

The growth in Texas' minority populations may also have significant ramifications for the agency's workforce, specifically in the pharmacist (Compliance/Enforcement Officer) category. Attempts to recruit qualified minority pharmacists have been difficult due to the significant differences in salaries compared to private sector employment, and to the pool of licensed pharmacists who are minorities. Table 1 shows a comparison of race distribution among the overall Texas civilian labor force, the Texas pharmacist population, and the agency non-manager pharmacist positions for FY2006-07.

Table 1*

Race	Texas Population Race Distribution	Texas Pharmacists Population Race Distribution	TSBP Non-Manager Pharmacists Population Race Distribution
Anglo	48.3%	60%	67%
Hispanic	35.7%	09%	0%
Black	11.4%	13%	33%
Other	4.6%	18%	0%

The agency's overall workforce profile, as shown in Table 2, indicates that the agency needs to increase its efforts to recruit and retain qualified minority applicants at all levels of job categories.

Table 2*

Agency EEO Data	White			Black			Hispanic			Other			Total		
	M	F	Tot	M	F	Tot	M	F	Tot	M	F	Tot	M	F	Tot
Administrators	0	5	5	0	0	0	0	0	0	0	0	0	0	5	5
Professionals	5	9	14	0	1	1	1	0	1	0	0	0	6	10	16
Para-Professionals	6	12	18	0	1	1	1	10	10	0	2	2	7	25	32
Admin Support	0	1	1	0	1	1	0	2	2	0	0	0	0	4	4
TOTALS	11	27	38	0	3	3	2	12	14	0	2	2	13	44	57

*Data reflects actual staff as of 8/31/07. Unfilled positions are not reflected.

HISTORICALLY UNDERUTILIZED BUSINESSES

It is the intent of the Legislature that each state agency receiving appropriations shall, in acquiring, constructing, or equipping new or existing facilities, and in the operational implementation of each strategy funded, make a good-faith effort to include historically underutilized businesses (HUB) in the following categories:

Category	Actual FY07	Agency Goal for FY08
Professional Service Contracts	100%	20%
Other Services Contracts	3.45%	33%
Commodities Contracts	46.9%	12.6%

The agency attempts to utilize HUB vendors for all delegated purchases and, in fact, has a HUB policy. In the event of performance shortfalls, the agency reviews the requirements listed in the overall bid process and notes any constraints that exist, specifically constraints relating to contracts that are proprietary in nature. Agency data regarding goals, actual performance, and constraints are noted in the Annual Non-Financial Report.

The agency has made a dedicated effort to satisfy the requirement for soliciting at least two HUB-certified minorities and one women-owned business in the three bids solicited for each delegated spot purchase. The above constraints notwithstanding, the agency will increase its good-faith efforts by using an agency HUB Policy as the basis for obtaining the HUB participation goals.

CAPITAL IMPROVEMENT NEEDS

The agency projects one-time expenditures in the area of renovations of building and other facilities due to the projected increase of in-house staff from 62 FTE's to 74 FTE's in FY2010-11. In addition, the agency's information resources budget for the next biennium will include a major initiative, that is, the replacement of the hardware and applications of the Licensing, Enforcement and Cash database system – a system that has been in place since the early 1980's and will not be supported beyond FY2010.

Other capital budget items relate to the replacement of existing hardware/software and new hardware/software due to the addition of new personnel. A complete discussion of the agency's Information Resources needs can be found in the agency Technology Initiative Alignment.

Technological Development

The use of technology has become integral to the operational success of the Texas State Board of Pharmacy. When appropriate, the agency deploys current and emerging cost effective information technologies to increase efficiencies within the agency and to improve service delivery to our constituents. Web-based applications, electronic payment and the imaging of paper documents are just a few of the technologies currently in use.

The agency Website has over 70,000 visitors each month. It has proven to be a valuable tool in disseminating information to the public and increasing the accessibility of the agency. The Website is also linked to Texas Online and allows the agency to accept electronic payment of renewal fees. Renewal forms are scanned into our imaging system making storage and retrieval much more efficient.

The primary technological challenge facing the Board of Pharmacy is the impending replacement of the Licensing, Enforcement and Cash systems. The existing applications and hardware are antiquated and no longer meet the business needs of the agency. As the system ages, support options decrease and costs increase. Compounding the issue is the fact that the hardware will no longer be supported beyond the year 2010. If funded by the 2009 Legislature, the agency will migrate its database systems to a more cost effective, functional and compliant solution. It is anticipated that the new system will also improve agency efficiencies with enhanced functionality and increased integration of existing systems.

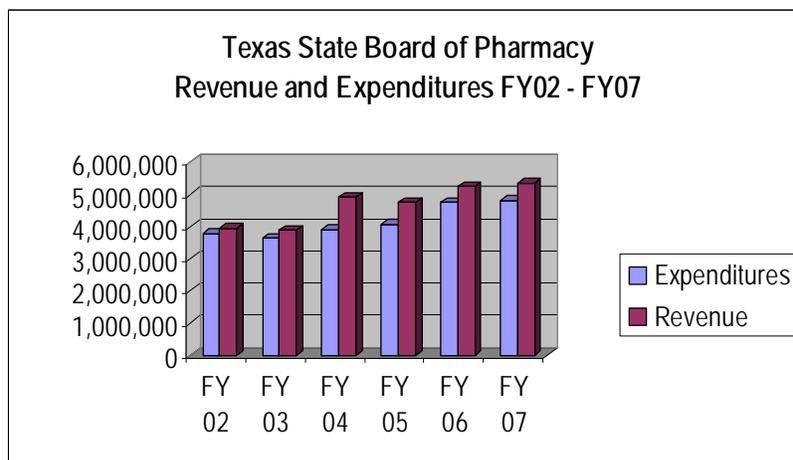
THE FISCAL PERSPECTIVE

Current Funding

The agency's operating budget for fiscal year 2007 was approximately \$3.7 million, which includes all Legislative appropriations. In addition, other direct and indirect costs of approximately \$1,087,384 are charged to the agency. The indirect costs include such items as the agency's payroll-related costs, bond debt service payments, and indirect costs relating to the Statewide Cost Allocation Plan.

The agency is totally self-supporting, in that the operations of the agency are supported primarily from statutory fees related to licensing, reciprocity, and examinations. Until 2005, the general operating fund of the Board was a general revenue dedicated account within the State Treasury. The 2005 Texas Legislature, passed legislation that abolished the Board of Pharmacy fund dedication, transferred \$5,948,256 to the General Revenue Fund, and placed the agency funds into the General Revenue Fund.

The chart below shows the agency's revenues and expenditures for a six-year period (FY2001 - FY2007). The agency also maintains a Fines Account for fines collected by the agency that are deposited in the State's General Revenue Fund. From FY2001 through FY2007, the agency collected and deposited \$854,700 of fine revenue into the General Revenue Fund.



Degree to Which Current Funding Meets Current and Expected Needs

One key factor that continues to affect the ability of the agency to serve and protect the public interest is the increased demand for agency services in every area of its operation. Dramatic increases in the demand for licensing, enforcement, and information services are well-documented throughout this *Strategic Plan* and in the agency's budget requests. This continued increase in demand for services, together with the increase in the complex nature of modern health and pharmaceutical care, is taxing the agency's ability to respond not only to future challenges, but to maintain its current level of service.

The agency has the authority and mechanisms necessary to generate the revenue needed to support its *Strategic Plan* and Budget Requests. However, in the past, Legislative appropriations have represented a level of funding that has hampered the agency's ability to maintain an acceptable level of performance.

The agency believes that additional funding is needed to carry out its mission, particularly in light of the budget cutbacks mandated by the 78th Texas Legislature and the new agency programs in FY2004 and FY2007 to register pharmacy technicians and technician trainees. These new programs have resulted in a 166% increase in licensees since FY2003.

The Enforcement Division currently has only seven field Investigators and six Compliance Officers/Inspectors for the entire state, resulting in each field employee having vast territories to regulate. The agency currently licenses approximately 6,364 Texas pharmacy locations. Our goal is to inspect every location approximately every two years; however, with only six field Compliance Officers/Inspectors, in FY2007, we were able to inspect approximately 2,082 pharmacy locations. At this rate, it will take three years to inspect every pharmacy location in Texas.

In addition, the pharmacy technician registration program has more than doubled the number of persons being regulated by the agency and has stretched the regulatory program's employees to the breaking point. If the agency is to accomplish its mission and be *proactive* rather than *reactive* in its mission to protect the public health, it must be funded at an adequate level. Failure to receive this funding will severely impact the agency's ability to provide quality customer service, information, and protection to the citizens of Texas.