

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; 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 FY2006, agency staff totaled 57 positions, consisting of five management, 18 professionals, 28 para-professionals, and six administrative support staff. Twelve employees (six Compliance Officers/Inspectors and six 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 June 2006, the agency licenses approximately 22,000 pharmacists, 6,100 pharmacies, and registers 30,000 pharmacy technicians 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 six Investigators are assigned regions that encompass the entire state, including the Texas border regions. In addition, medically underserved 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 such is 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 decreased from 25% in FY2000 to 7.6% in FY2005; however, 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-executive) in FY2000, to a total of four pharmacists (non-executive) in FY2006. 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 salaries – the state simply cannot keep pace with pharmacists' salaries. In fact, the maximum salary listed in the state classification plan for pharmacists is approximately equal to the salary offered to newly-licensed pharmacists.

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 FY2005.

Table 1*

Race	Texas Population Race Distribution	Texas Pharmacists Population Race Distribution	TSBP Non-Manager Pharmacists Population Race Distribution
Anglo	40%	64%	67%
Hispanic	36%	09%	0%
Black	11%	12%	33%
Other	13%	15%	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	5	12	17	0	1	1	0	9	9	0	1	1	5	23	28
Admin Support	0	1	1	0	0	0	0	4	4	0	0	0	0	5	5
TOTALS	10	27	37	0	2	2	1	13	14	0	1	1	11	43	54

*Data reflects actual staff as of 8/31/05. 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 FY05	Agency Goal for FY06
Professional Service Contracts	100%	20%
Other Services Contracts	7.68%	33%
Commodities Contracts	63.8%	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 44 FTE's to 51 FTE's in FY2008-09. In addition, the agency's information resources budget for the next biennium will include capital budget items relating 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 Information Resources Strategic Plan.

INFORMATION RESOURCES MANAGEMENT STRATEGIC PLANNING

The agency Strategic Plan for Information Resources, as well as the Agency Biennial Operating Plan, outlines any additional or updated information resources necessary to continue to regulate effectively in the coming years. This document is submitted under separate cover.

Technological Development

Information services, and the demand for such, arise partly out of constant and complex changes occurring in pharmacy practice and partly due to the continued rise in the population of licensed pharmacists in Texas, and more recently, with the addition of the pharmacy technician registration program. However, the primary demand for information services is due to the increased awareness of the public, both pharmacists and consumers, of the role of the agency.

In today's environment, every state agency is expected to do more with less. In order to address the number of inquiries being received by TSBP, particularly the Licensing and Enforcement divisions, TSBP established a comprehensive and user-friendly web site to improve services and accessibility to its customers. The site contains consumer information, including procedures regarding the complaint process and an online complaint form; new and ongoing licensing information, including an online application for pharmacy technician registration; a reference site for pharmacy-related information; and important information regarding the agency's laws and rules. One important feature of the web site (for consumers as well as licensees), is a license verification link that enables the user to verify the licensing and disciplinary status of pharmacists, pharmacies, interns, and pharmacy technicians. More recent agency accomplishments include the implementation of all agency fee-paying applications to Texas Online; Pharmacy technician online application system; and active computer virus monitoring and firewall installation.

In FY2005, TSBP received 487,891 web site inquiries (average of 40,657 "hits" each month). This compares to prior years as follows:

Fiscal Year	Number of Web Site Inquiries	Cumulative Increase Since FY2000
FY00	64,476	—
FY01	90,701	40.67%
FY02	112,184	73.93%
FY03	160,937	149.60%
FY04	439,598	581.80%
FY05	487,891	656.70%

Although public access to this web site has reduced the number of telephone calls received by the Licensing Division, the number of electronic inquiries (e-mails) has grown dramatically, as more and more customers realize the ease and accessibility of electronic communication.

As computer virus and hacker activity continue to dramatically increase, the agency has been successful in keeping security incidents extremely low. Upgrading anti-virus software, implementing automatic updates, weekly scans, and taking an assertive stance towards user passwords, as well as aggressively maintaining recommended security updates on the web server and firewall, have limited agency exposure.

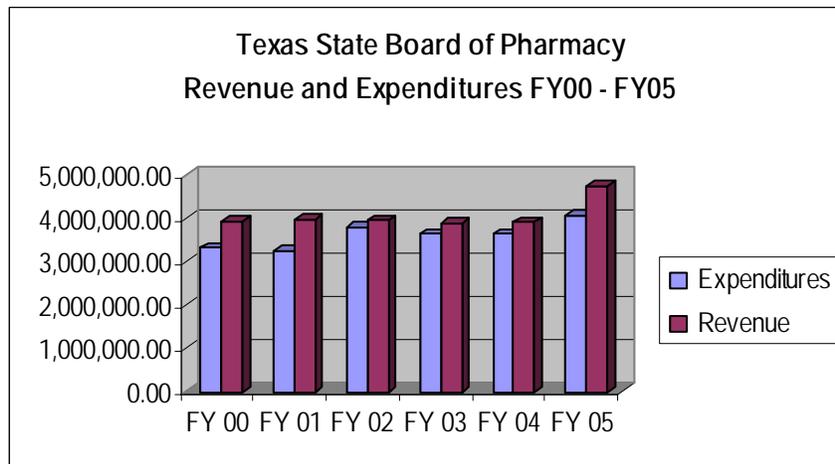
THE FISCAL PERSPECTIVE

Current Funding

The agency's operating budget for fiscal year 2005 was approximately \$3.5 million, which includes all Legislative appropriations. In addition, other direct and indirect costs of approximately \$920,000 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. In FY2005, the general operating fund of the Board was considered a general revenue dedicated account within the State Treasury. As a result of the 79th Texas Legislature, the Board of Pharmacy fund dedication was abolished and \$5,948,256 will be transferred to the General Revenue Fund.

The chart below shows the agency's revenues and expenditures for a six-year period (FY2000 - FY2005). The agency also maintains a Fines Account for fines collected by the agency that are deposited in the State's General Revenue Fund. From FY2000 through FY2005, the agency collected and deposited \$494,000 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 program to register 24,000 pharmacy technicians in FY2004. The Enforcement Division currently has only six 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 5,730 Texas pharmacy locations. Our goal is to inspect every location approximately every two years; however, with only six field Compliance Officers/Inspectors, in FY2005, we were able to inspect approximately 1,900 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 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.