



## ORGANIZATIONAL DEVELOPMENT COMMITTEE

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

### a. FOR INFORMATION: Budget Update/Report

#### 1. Budget Report for 2012/13

#### Attachment 1

Fiscal Year 2012/13 ended June 30, 2013 however the final FY 2012/13 numbers will not be available until the beginning of August 2013. Provided in **Attachment 1** is information on the most recent budget figures available. A final budget report will be provided during the October Board Meeting.

Expenditures (as of June 2013): \$14,200,056  
Maximum spending authority for year: \$14,806,118  
Revenue Collected (as of June 2013): \$14,578,956

As the expenditure charts illustrate, 58% of the board's expenditures were attributed to personnel and 15% were related to enforcement. Revenue for the year came primarily from application and renewal fees, 79%; with citation and fines accounting for about 16%. Cost recovery only accounted for about 5% of the board's revenue.

The board overspent its AG budget last year (FY 2012/13), as it has for the past several years, as authorized expenditures are insufficient to cover all of the legal services needed by the board. In addition, the year the board also over spent on its Office of Administrative Hearings (OAH). Last year the board's budget authorized \$1,568,863 in AG expenditures and \$199,584 in OAH, yet the board expended \$1,781,904 and \$248,726 respectively. Over the past several years, budget bill language has allowed for an increase in authorized expenditures if necessary, however the board has been able to redirect funds from other areas of operations (primarily because of personnel savings) to avoid this. The board may need to seek a budget augmentation or face difficult choices and curtail its administrative cases if such redirection is not an option in future years.

#### 2. 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. This is primarily due to the restoration of staff pay resulting from the end of the furloughs as well as increases in pro rata, BreZe funding and the addition of one inspector position.

### 3. Fund Condition Report

#### Attachment 2

**Attachment 2** includes two different fund conditions reports; the current report as well as a second report that includes the increased revenues assuming the fee increase is in place beginning in July 2014. Based upon the current fund condition report, the board will have the following fund conditions at the end of the identified fiscal years:

2011/12	\$13,577,000	11.4 months in reserve (actual)
2012/13	\$12,521,000	9.3
2013/14	\$8,390,000	6.2
2014/15	\$4,964,000	3.6
2015/16	\$407,000	0.3

The below reflects the estimated fund condition with the proposed fee increase:

2013/14	\$8,390,000	6.2 months in reserve
2014/15	\$8,211,000	6.0
2015/16	\$6,911,000	4.9

### 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 that were developed in the 1980s. A few years ago, the department initiated an "I-Licensing" project which would have offered online application and renewal of licenses (a much needed relief from mail-in renewals).

Nearly two years ago, DCA's proposed Consumer Protection Enforcement Initiative also sought computer system upgrades with a new proposal for a department-wide computer system called BreEZe. Once in place the new system would allow for online renewal and application processing, and will also replace the board's Consumer Affairs Systems and the Applicant Tracking System. BreEZe piggybacks on the previous efforts of the initial I-Licensing system and ultimately will allow for improved services for applicants and licensees as well as provide for a more robust internal computer system.

This new system is vital to the board's operations as the current system limitations significantly impede our ability to perform efficiently. Based on the current timeline for implementation, the board is in the second phase of programs transitioning to the new system.

We continue to commit a significant amount of resources to this project to ensure the board's operational needs are met. The executive officer continues to serve as an

executive sponsor of this project and serves on the change control board, part of the established governance plan for this project. Throughout this process, the board has dedicated board staff, some of which have been working part-time for this project, assisting the department in documenting system requirements that meet the needs of our board as well as others throughout the project.

#### Recent BreEZe Update

The board was advised that the first deployment of this new system is scheduled for September 17, 2013. The department is developing a deployment strategy to minimize the impact to employees, licensees and consumers however it is anticipated that the board's computer system will be unavailable for about three days, during which time board staff will be unable to issue or renew licenses, cashier payments or process applications. Board staff will work to minimize the impact on applicants and licensees.

As release one is deployed significant department and contractor resources will be redirected to move forward with the configuration, conversion and testing. This will result in the redirection of several board staff from conducting routine board business to ensuring the appropriate and necessary configuration of the new system. A concerted effort will be made to minimize the impact to applicants, licensees and consumers, however it is anticipated that processing times may increase. Board members will continue to be apprised of processing times during committee and board meetings.

### **5. Reimbursement to Board Members**

#### **Attachment 3**

Expenses and per diem payments to board members are provided in **Attachment 3**. 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.

### **b. FOR INFORMATION: Personnel Update**

#### **1. Board Members**

Since the last board meeting, Debbie Veale and Lavanza Butler have been reappointed to the board by Governor Brown.

Deborah Veale, 54, of Palos Verdes Estates, has been appointed to the California Board of Pharmacy, where she has served since 2010. Veale has been director of payer relations at CVS Pharmacy Inc. since 2006. She served in various positions for Albertsons/Save-On from 1981 to 2006, including regional manager for managed care,

division pharmacy manager, regional pharmacy trainer, pharmacy manager and staff pharmacist.

Lavanza “Kercheryl” Butler, 62, of Los Angeles, has been reappointed to the California State Board of Pharmacy, where she has served since 2013. Butler has been a pharmacist, vice president and union representative at United Food and Commercial Workers International Union Local 770 since 2002. She was a head pharmacist at Rite Aid Pharmacy from 1980 to 2002. Butler is a member of the California Pharmacists Association.

## **2. Staff Changes**

- Carolyn Klein was promoted to a Staff Services Manager II overseeing several areas of board operations.
- Lindsey Stockstill joined the Complaint unit as a seasonal clerk.
- Debbie Damoth (formerly Anderson) transitioned to the board’s Administrative Manager.
- Chee Vang was promoted to Staff Services Analyst responsible for resolving fingerprint responses for all board licensing programs.
- Amber Crosby was promoted to a Staff Services Manager responsible for management of the board’s licensing programs.
- Lori Martinez is transitioning to serve as the board’s CURES analyst.

### Departures

Denise Davis transferred to the Student Aid Commission on 6/22/13.

### Recruitment

The board continues its efforts to fill several vacant positions:

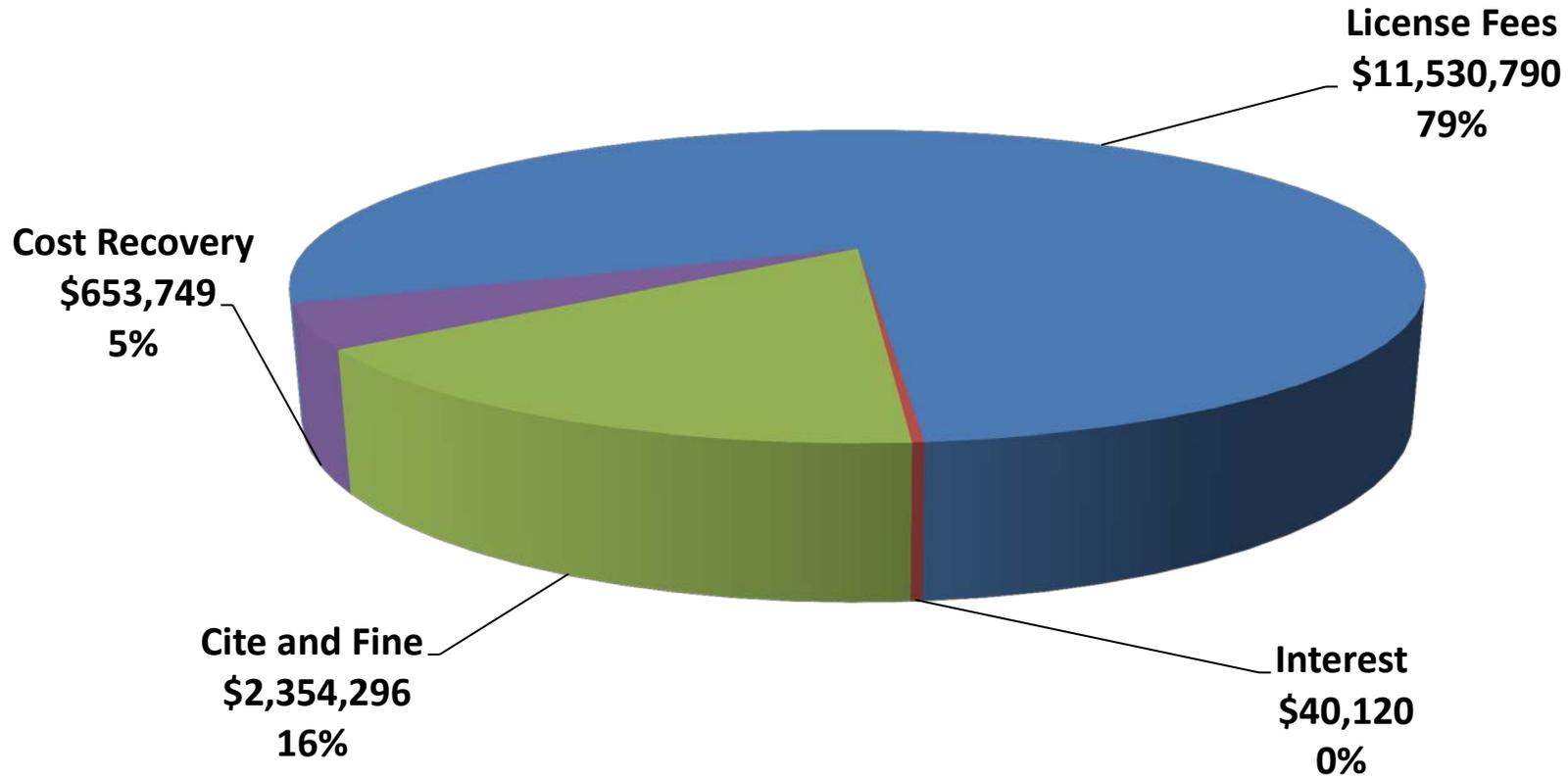
- Three vacant Inspector positions
- Two vacant Office Technicians – one responsible for processing pharmacy technician applications and a second position in the board’s complaint unit.
- Two seasonal clerks to perform part-time support to the board’s enforcement unit and licensing unit.
- One part-time AGPA responsible for working with the Office of the Attorney General.

### Evaluation of the Executive Officer

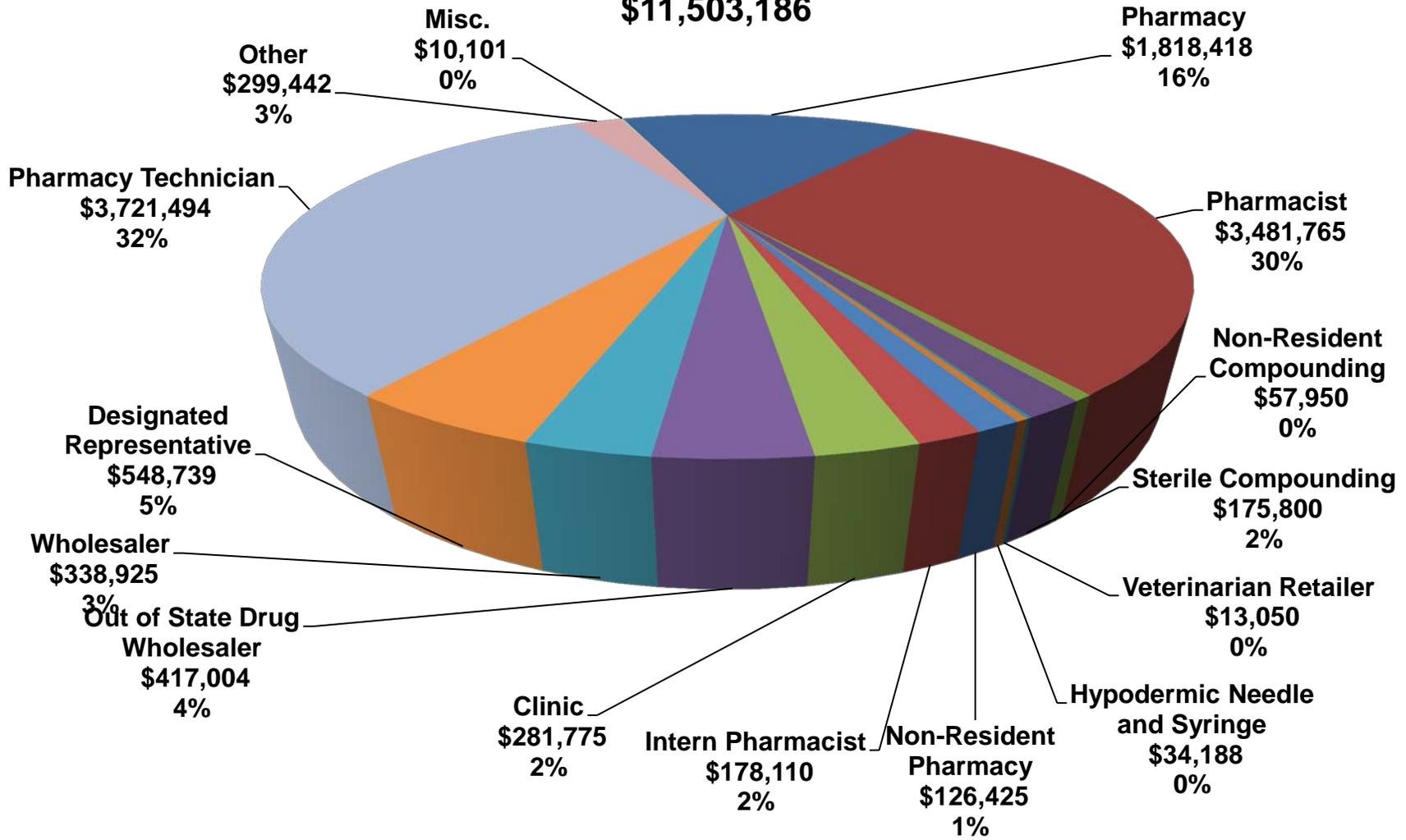
During the meeting the board will have an opportunity to meet in closed session to perform its annual review of the Executive Officer.

# **ATTACHMENT 1**

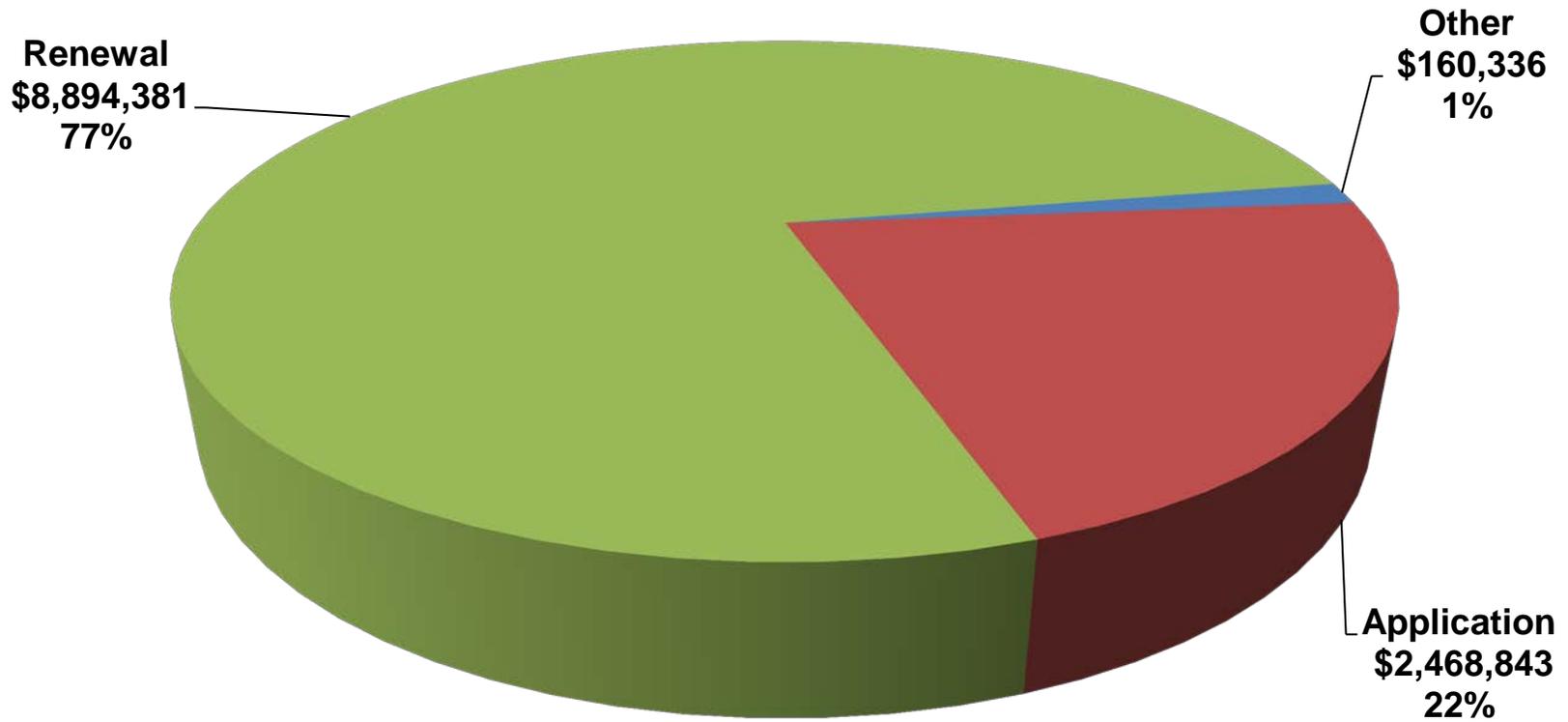
**Origin of Revenue  
FY 2012/2013  
FM 12  
\$14,578,956**



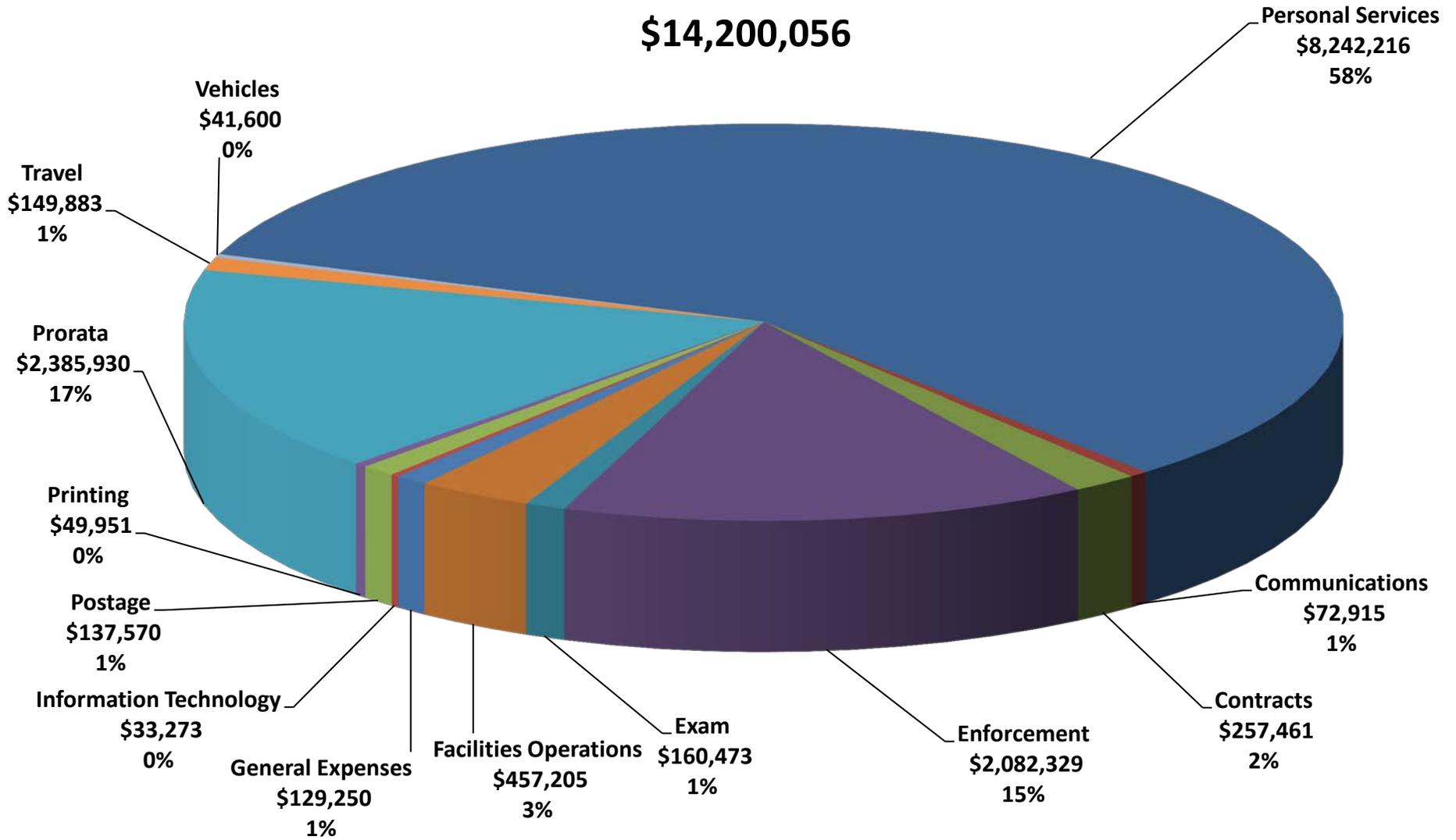
**Revenue By Program  
FY 2012/2013  
FM 12  
\$11,503,186**



**Application vs. Renewal Fees  
FY 2012/2013  
FM 12  
\$11,523,559**



**Expenditures  
FY 2012/2013  
FM 12  
\$14,200,056**



# **ATTACHMENT 2**

# 0767 - State Board of Pharmacy Analysis of Fund Condition

Prepared 7/16/2013

(Dollars in Thousands)

Governor's Budget + Proposed Fee Increase 7/1/2014 + Proposed 14/15 BCPs		Governor's Budget					
		ACTUAL 2011-12	CY 2012-13	BY 2013-14	BY +1 2014-15	BY +2 2015-16	BY +3 2016-17
<b>NOTE: \$1.0M GF Loan Repaid in 14-15</b>							
<b>BEGINNING BALANCE</b>		\$ 13,678	\$ 13,557	\$ 12,521	\$ 8,390	\$ 4,964	\$ 407
Prior Year Adjustment		\$ 147	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance		\$ 13,825	\$ 13,557	\$ 12,521	\$ 8,390	\$ 4,964	\$ 407
<b>REVENUES AND TRANSFERS</b>							
Revenues:							
125600	Other regulatory fees	\$ 1,400	\$ 2,095	\$ 789	\$ 789	\$ 789	\$ 789
125700	Other regulatory licenses and permits	\$ 2,424	\$ 2,166	\$ 2,166	\$ 2,166	\$ 2,166	\$ 2,166
125800	Renewal fees	\$ 8,660	\$ 8,841	\$ 8,841	\$ 8,841	\$ 8,841	\$ 8,841
125900	Delinquent fees	\$ 147	\$ 119	\$ 119	\$ 119	\$ 119	\$ 119
131700	Misc. revenue from local agencies	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -
141200	Sales of documents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
142500	Miscellaneous services to the public	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
150300	Income from surplus money investments	\$ 52	\$ 31	\$ 23	\$ 12	\$ 1	\$ -
150500	Interest Income From Interfund Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
160400	Sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
161000	Escheat of unclaimed checks and warrants	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6
161400	Miscellaneous revenues	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -
Totals, Revenues		\$ 12,703	\$ 13,259	\$ 11,945	\$ 11,934	\$ 11,923	\$ 11,922
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		\$ 12,703	\$ 13,259	\$ 11,945	\$ 12,934	\$ 11,923	\$ 11,922
Totals, Resources		\$ 26,528	\$ 26,816	\$ 24,466	\$ 21,324	\$ 16,887	\$ 12,329
<b>EXPENDITURES</b>							
Disbursements:							
0840	State Operations	\$ 47	\$ 18	\$ -	\$ -	\$ -	\$ -
8880	FISC (State Operations)	\$ -	\$ 81	\$ 69	\$ -	\$ -	\$ -
1110	Program Expenditures (State Operations)	\$ 12,924	\$ 14,806	\$ 15,840	\$ 16,157	\$ 16,480	\$ 16,810
	CURES	\$ -	\$ -	\$ 167	\$ 203	\$ -	\$ -
Estimated CY Savings (Reimbursements)			\$ -610				
Total Disbursements		\$ 12,971	\$ 14,295	\$ 16,076	\$ 16,360	\$ 16,480	\$ 16,810
<b>FUND BALANCE</b>							
Reserve for economic uncertainties		\$ 13,557	\$ 12,521	\$ 8,390	\$ 4,964	\$ 407	\$ -4,481
<b>Months in Reserve</b>		11.4	9.3	6.2	3.6	0.3	-3.1

NOTES:

- A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED FOR 2014-15 AND ON-GOING.
- B. ASSUMES APPROPRIATION GROWTH OF 2% PER YEAR IN 2014-15 AND ON-GOING..
- C. ASSUMES INTEREST RATE OF 0.3%

# 0767 - State Board of Pharmacy Analysis of Fund Condition

Prepared 7/16/2013

(Dollars in Thousands)

Governor's Budget + Proposed Fee Increase 7/1/2014 + Proposed 14/15 BCPs		Governor's Budget					
		ACTUAL 2011-12	CY 2012-13	BY 2013-14	BY +1 2014-15	BY +2 2015-16	BY +3 2016-17
<b>NOTE: \$1.0M GF Loan Repaid in 14-15</b>							
<b>BEGINNING BALANCE</b>		\$ 13,678	\$ 13,557	\$ 12,521	\$ 8,390	\$ 8,211	\$ 6,911
Prior Year Adjustment		\$ 147	\$ -	\$ -	\$ -	\$ -	\$ -
Adjusted Beginning Balance		\$ 13,825	\$ 13,557	\$ 12,521	\$ 8,390	\$ 8,211	\$ 6,911
<b>REVENUES AND TRANSFERS</b>							
Revenues:							
125600	Other regulatory fees	\$ 1,400	\$ 2,095	\$ 789	\$ 789	\$ 789	\$ 789
125700	Other regulatory licenses and permits	\$ 2,424	\$ 2,166	\$ 2,166	\$ 2,166	\$ 2,166	\$ 2,166
125800	Renewal fees	\$ 8,660	\$ 8,841	\$ 8,841	\$ 8,841	\$ 8,841	\$ 8,841
<b>Proposed Fee Increase</b>					\$ 3,237	\$ 3,237	\$ 3,237
125900	Delinquent fees	\$ 147	\$ 119	\$ 119	\$ 119	\$ 119	\$ 119
131700	Misc. revenue from local agencies	\$ 8	\$ -	\$ -	\$ -	\$ -	\$ -
141200	Sales of documents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
142500	Miscellaneous services to the public	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
150300	Income from surplus money investments	\$ 52	\$ 31	\$ 23	\$ 22	\$ 21	\$ 16
150500	Interest Income From Interfund Loans	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
160400	Sale of fixed assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
161000	Escheat of unclaimed checks and warrants	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6	\$ 6
161400	Miscellaneous revenues	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -
Totals, Revenues		\$ 12,703	\$ 13,259	\$ 11,945	\$ 15,181	\$ 15,180	\$ 15,175
Transfers from Other Funds							
F00001	GF Loan Repayment 1110-011-0767 BA of 2008	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -
Transfers to Other Funds							
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Totals, Resources		\$ 26,528	\$ 26,816	\$ 24,466	\$ 24,571	\$ 23,391	\$ 22,086
<b>EXPENDITURES</b>							
Disbursements:							
0840	State Operations	\$ 47	\$ 18	\$ -	\$ -	\$ -	\$ -
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1110	Program Expenditures (State Operations)	\$ 12,924	\$ 14,806	\$ 15,840	\$ 16,157	\$ 16,480	\$ 16,810
	CURES	\$ -	\$ -	\$ 167	\$ 203	\$ -	\$ -
<b>Estimated CY Savings (Reimbursements)</b>			\$ -610				
Total Disbursements		\$ 12,971	\$ 14,295	\$ 16,076	\$ 16,360	\$ 16,480	\$ 16,810
<b>FUND BALANCE</b>							
Reserve for economic uncertainties		\$ 13,557	\$ 12,521	\$ 8,390	\$ 8,211	\$ 6,911	\$ 5,276
<b>Months in Reserve</b>		11.4	9.3	6.2	6.0	4.9	3.7

**NOTES:**

- A. ASSUMES WORKLOAD AND REVENUE PROJECTIONS ARE REALIZED FOR 2014-15 AND ON-GOING.
- B. ASSUMES APPROPRIATION GROWTH OF 2% PER YEAR IN 2014-15 AND ON-GOING..
- C. ASSUMES INTEREST RATE OF 0.3%

# **ATTACHMENT 3**

## Board Member Reimbursement And Travel Expense Expenses

**June 1, 2012 – June 30, 2013**

<b>Board Members</b>	<b>Attendance Hours*</b>	<b>Travel Expenses**</b>
Brooks, Ryan	32	0
Butler, Cheryl	16	0
Castellblanch, Ramón	56	\$60
Gutierrez, Amy	32	\$1,481.67
Hackworth, Rosalyn	72	\$3,055.81
Kajioka, Randy	32	0
Law, Victor	40	0
Lippe, Gregory	72	0
Veale, Deborah	80	\$1,687.95
Weisser, Stanley	72	\$2,343.92
Wheat, Shirley	56	0
Wong, Albert	40	0
Zee, Tappan	16	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.**