

## **BOARD MEETING MINUTES**

**Oregon Board of Pharmacy  
800 NE Oregon Street  
Portland, OR 97232  
June 3, 2010**

### **THURSDAY, JUNE 3, 2010**

Linda Howrey, Board President, called the meeting to order at 12 Noon.

The following Board Members were present for all or part of the meeting via teleconference/in person:

Linda Howrey, President	Ann Zweber
Dianna Pimlott, Vice President	Lee Howard
Larry Cartier	Bernie Foster
Ken Wells	

The following staff was present:

Gary Schnabel, Executive Director	Tony Burt, Project Manager
Gary Miner, Compliance Director	Joe Ball, Chief Investigator
Karen MacLean, Administrative Director	Loretta Glenn, Management Secretary
Chris Hennigan, Office Manager	

Claudia Black, Governor's Health Policy Advisor was also in attendance via teleconference.

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Agenda Review and Approval

### **MOTION**

**Motion to approve the agenda was made and unanimously carried (Motion by Foster, second by Cartier).**

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### 2011-13 Budget Development – *MacLean*

Administrative Director Karen MacLean and Committee Members reported on activities and considerations of the May 21<sup>st</sup> Budget Committee meeting. The Committee reviewed all expenses in detail, including the costs for the Impaired Health Professional Program (IHPP), which is projected to cost approximately \$220,000 in the 2011-13 Biennium. One of the goals of the meeting was to identify where expenses can be reduced, if possible. Karen showed the base budget and explained how it is developed with the Department of Administrative Services (DAS) approved inflation added for Personnel (PS) and Services and Supplies (S&S). The base budget currently includes expenses that make up 72% for Personnel and 28% for Services and Supplies. The

base budget restores all positions, eliminating the 09-11 furlough reductions, adds back in one merit increase for the biennium and does not add a cost of living increase. Further additions or deletions will be made by the new Governor and through the union bargaining process in 2011. Karen explained that some of the largest S&S expenses are not at the discretion of the agency to reduce. These include items such as phones, rent, State Government Service charges and professional services such as OR State Police (OSP) fingerprinting, Attorney General and Hearings costs. She also explained that there are several costs, such as the OSP fingerprinting, Prescription Monitoring and Workforce Data Collection that are really pass-through fees/expenses. Karen also explained that she had conversations with the both the Agency's DAS and the Legislative Fiscal Office (LFO) Budget Analyst's since the last Board meeting. As expected, and given that the Board was not approved for fee increases in the current 2009-11 Biennium, the 11-13 base budget with projected revenue is currently almost 1.2 million in the negative.

With the information above, the Board discussed the viability of participating in the IHPP from a financial perspective. After some discussion, and brief input from Claudia Black, the Governor's Health Policy Advisor, the Board reaffirmed their April 7, 2010 decision to participate in the IHPP. However, the Board continues to be very concerned about the uncertainty of costs associated with the program, both for the agency and participants.

As an Other Funded (OF) agency, the Board of Pharmacy is are required to submit a budget that identifies where reductions can be made without additional revenue. We can then submit a policy package to restore reductions that includes fee increases. The message from DAS and LFO is clear, a budget proposal with just fee increases proposed will not be accepted; it must include reductions. The Governor is currently requiring General Fund (GF) agencies to balance their 09-11 budgets in response to the State's May Revenue Forecast. OF agencies are also impacted by the Governor's decision to continue the salary freeze for all management and executive service employees that has been in place since March 2009 for the remainder of this biennium.

The Budget Committee concluded the area where the most significant reductions to effect the bottom line, can most significantly be made is in personnel. The Executive Director and Management staff will evaluate positions for consideration. In addition, Staff is working with DAS to renegotiate any contracts that can be reduced. The Board members on the committee concluded that it was vital to continue annual inspections. Staff discussed possible options to help curb legal and hearing costs, however, these are changes that won't impact the current budget development, but rather will reflect in future activities and decisions of the Board.

Karen reviewed the latest figures with the Board and possible options for fee increases. Board members asked that consideration be given where possible to reduce a position rather than eliminate it altogether.

Staff will work to provide the Board a comprehensive proposal for review just prior to the June 15-16 meeting in preparation for final discussions. Karen emphasized that the Agency's Budget request is the first step in the process of budget development. Once submitted, DAS will approve or deny components of the budget, then the Governor's

office will approve or deny components of the budget (in this case it will be the incoming Governor who will be elected in November 2010 and take office in January 2011), then LFO will make recommendations to the Joint Ways and Means Committee and finally it will be voted on by the Legislature to achieve what's called the Legislatively Adopted Budget (LAG).

The Board recognizes this is a difficult year for budgeting. They thanked Members Bernie Foster and Ken Wells for taking the time to look at the budget in detail and provide a comprehensive report to the Board.

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## Adjourn

### MOTION

**Motion to adjourn at 1:22 PM was made and unanimously carried (Motion by Cartier, second by Wells).**

Minutes accepted by:



Gary A. Schnabel, R.Ph., R.N.  
Executive Director