

BOARD OF PHARMACY

	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,079,214	1,383,784	1,377,842	1,285,599	1,278,153	1,162,069	1,154,474
TOTAL	\$ 1,079,214	\$ 1,383,784	\$ 1,377,842	\$ 1,285,599	\$ 1,278,153	\$ 1,162,069	\$ 1,154,474
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 1,079,214	\$ 1,383,784	\$ 1,377,842	\$ 1,285,599	\$ 1,278,153	\$ 1,162,069	\$ 1,154,474
Percentage Change:							
Operating Expenditures							
State General Fund	-- %	-- %	-- %	-- %	-- %	-- %	-- %
All Funds	8.7	28.2	27.7	(7.1)	(7.2)	(9.6)	(9.7)
FTE Positions	7.0	9.0	9.0	9.0	9.0	9.0	9.0
Non-FTE							
Perm.Uncl.Pos.	2.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL	9.0	11.0	11.0	11.0	11.0	11.0	11.0

AGENCY OVERVIEW

The Board of Pharmacy is responsible for the enforcement of the Pharmacy Act and the Controlled Substance Act. The mission of the Board is to ensure that all persons and entities conducting business relating to the practice of pharmacy in Kansas are properly licensed and registered, to protect public health, safety, and welfare, and to promote understanding of pharmacy related practices. The seven member Board is appointed by the Governor for overlapping four year terms and is composed of six licensed pharmacists and one public member.

The Board licenses and registers approximately 19,000 persons and entities, including issuing and renewing licenses,

evaluating and approving continuing education programs, investigating complaints against license holders, and claims of unlawful practice. The Board is empowered to revoke or suspend licenses and to place licensees on probation. Fines assessed to persons and entities are collected by the Board of Pharmacy and deposited into the State General Fund. The Board is financed through fees assessed for annual renewals, registration of pharmacy-related businesses, pharmacist examinations, score certifications, license verifications and federal grants.

As of September 2014, the Board of Pharmacy's licensees include 5,197 pharmacists, 7,377 technicians, 901 pharmacies, 13 manufacturers, 1,043 distributors, and 1,528 retail dealers.

MAJOR ISSUES FROM PRIOR YEARS

The **2005 Legislature** passed HB 2077, which requires the agency to establish a cancer drug repository to allow for drugs to be donated and dispensed to cancer patients. The program is voluntary to all participants.

The **2005 Legislature** also passed SB 27 (the Sheriff Matt Samuels Bill), which requires any product containing ephedrine or pseudoephedrine in starch tablet or gel-coated starch tablet form be listed as a Schedule V controlled substance. The law also requires the agency to gather information and detect trends with regard to illicit drug activity so that recommendations could be made regarding future controls of commonly abused chemicals.

SB 27 made all forms of over-the-counter ephedrine and pseudoephedrine Schedule V controlled substances in Kansas. The drugs can only be sold at pharmacies and customers cannot have direct access to any of these products. The law also made it a class A nonperson misdemeanor for any person to purchase, receive or otherwise acquire more than 3.6 grams in a single transaction, or more than 9.0 grams within any 30-day period.

The **2008 Legislature** passed HB 2578, the Utilization of Unused Medication Act, which creates a voluntary program in which adult-care homes, mail service pharmacies, and medical care facilities can donate unused medications to indigent health clinics, federally qualified health centers, or community health centers for distribution to medically indigent Kansas residents. The agency assisted the Kansas Department of Health and

Environment in establishing a clearinghouse whereby all drugs could be donated to one location.

The **2008 Legislature** passed the House Sub. for SB 491, which created the Prescription Drug Monitoring Program to monitor Schedule II through Schedule IV substances and other drugs of concern. The agency is required to develop and maintain a database of prescriptions for controlled substances and drugs of concern as a tool for pharmacists to monitor for patients misusing, abusing, or diverting controlled substances.

The **2009 Legislature** authorized the creation of a statewide electronic logging system for the sale of methamphetamine precursors in pharmacies. The legislation required the agency to establish and provide the electronic system at no cost to the pharmacy. The Legislature did not fund the project, but the agency did receive permission to accept donations, gifts or grants for funding of this project.

The **2009 Legislature** also permitted the agency to fingerprint or perform a background check on any original or reinstatement license applicant as a consumer protection action. Applicants are required to pay the fee associated with a Kansas Bureau of Investigation fingerprint or background check. The agency collects these funds, which then go directly to the Kansas Bureau of Investigation.

The **2010 Legislature** expanded the Unused Medication Act to permit out of state mail order pharmacies to donate unused drugs.

The **2012 Legislature** passed SB 134 which requires the agency to conduct a study, in consultation with industry, on electronic transmission of prior authorization and step therapy programs relating to prescription medication. The study was to be completed and submitted to the Legislature by January 15, 2013. The agency also is authorized to conduct pilot projects for new technology implementation when necessary, but no state monies may be used for the pilot projects.

SB 134 also expanded the Prescription Drug Monitoring Program to send information to physicians, dispensers, and law enforcement if a patient appears to be misusing, abusing, or diverting controlled substances. The law allows medical examiners to access the Prescription Drug Monitoring Program to investigate and determine cause of death.

In addition, SB 134 authorized the agency to apply for and accept grants, and to accept any donations, gifts, or bequests to further the Prescription Drug Monitoring Program. Any funding received by the agency is submitted for deposit to the State Treasury to the credit of Non-Federal Gifts and Grants Fund of the agency.

The **2014 Legislature** passed the Senate Sub. for HB 2146, which gives the agency authority to require pharmacy technicians to pass examinations and meet continuing education requirements and requires the agency to license pharmacy interns. The bill also added collaborative drug therapy management as a class of pharmacy practice, eliminated single registration for manufacturers and distributors operating multiple facilities, and changed the timing for license renewals.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** requests a revised estimate of \$1.4 million, all from special revenue funds, in FY 2015. This is an increase of \$226,291, or 19.6 percent, above the approved FY 2015 budget. This increase is attributable to increased funding from

the federal Substance Abuse and Mental Health Services Administration (SAMSHA) grant program. This estimate includes 9.0 FTE positions.

FY 2015 Governor Recommendation

The **Governor** recommends a budget of \$1.4 million, all from special revenue funds, in FY 2015. This is an increase of \$220,349, or 19.0 percent, above the approved amount. This increase is attributable to an increase in SAMSHA grant funding (\$200,530) and carry over funding from FY 2014 from the Harold Rogers Prescription Drug Monitoring Program Training and Technical Assistance grant (\$25,761).

The increase is partially offset by a reduction of \$5,942 as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.

FY 2016 Agency Request

The **agency** requests \$1.3 million, all from special revenue funds, for FY 2016. This is a decrease of \$98,185, or 7.1 percent, below the revised FY 2015 estimate. This decrease is attributable to an expected decrease in federal grant funding, partially offset by an enhancement request for licensing

software (\$139,000). This request includes 9.0 FTE positions, the same as the revised FY 2015 estimate.

Absent the enhancement, the request is \$237,185, or 17.1 percent, below the revised FY 2015 estimate.

FY 2016 Governor Recommendation

The **Governor** recommends a budget of \$1.3 million, all from special revenue funds, for FY 2016. This is a decrease of \$7,446, or 0.6 percent, below the agency's request. This decrease is attributable to the Governor's recommended

reduction to the employer contribution rate for state employee health insurance.

The Governor also recommends increasing the amount withheld from the agency's fee fund revenue and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a from the lesser of 10.0

percent or \$100,000 to the lesser of 20.0 percent or \$200,000. For this agency, that amount is estimated at \$100,000 for FY 2016.

FY 2017 Agency Request

The **agency** requests \$1.2 million, all from special revenue funds, for FY 2017. This is a decrease of \$123,530, or 9.6 percent, below the agency's FY 2016 request. This decrease is attributable to the end of the agency's FY 2016 enhancement request for licensing software and partially offset by an enhancement request (\$20,000) for a replacement vehicle. This

request includes 9.0 FTE positions, the same as the agency's FY 2016 request.

Absent the enhancement, the request is \$143,530, or 11.2 percent, below the agency's FY 2016 request.

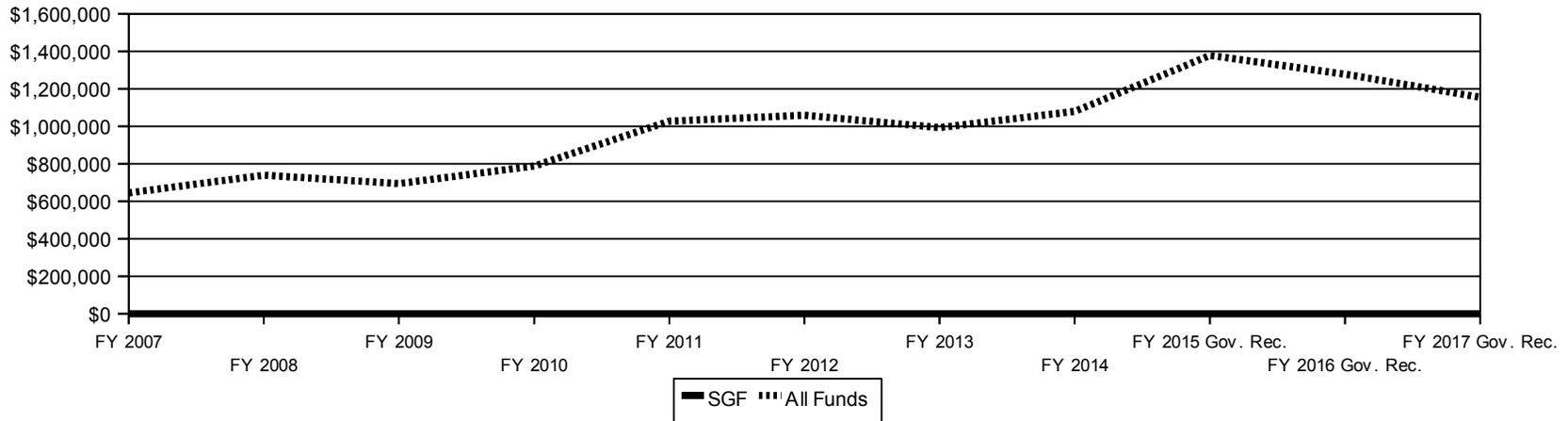
FY 2017 Governor Recommendation

The **Governor** recommends a budget of \$1.2 million, all from special revenue funds, for FY 2017. This is a decrease of \$7,595, or 0.7 percent, below the agency's request. This decrease is attributable to to the Governor's recommended reduction to the employer contribution rate for state employee health insurance.

The Governor also recommends increasing the amount withheld from the agency's fee fund revenue and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a from the lesser of 10.0 percent or \$100,000 to the lesser of 20.0 percent or \$200,000. For this agency, that amount is estimated at \$100,000 for FY 2017.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 0	-- %	\$ 644,286	6.8 %	7.0
2008	0	--	738,748	14.7	6.0
2009	0	--	694,118	(6.0)	8.0
2010	0	--	787,517	13.5	8.0
2011	0	--	1,026,676	30.4	8.0
2012	0	--	1,058,908	3.1	8.0
2013	0	--	992,663	(6.3)	8.0
2014	0	--	1,079,214	8.7	7.0
2015 Gov. Rec.	0	--	1,377,842	27.7	9.0
2016 Gov. Rec.	0	--	1,278,153	(7.2)	9.0
2017 Gov. Rec.	0	--	1,154,474	(9.7)	9.0
Eleven-Year Change	\$ 0	-- %	\$ 510,188	79.2 %	2.0

Summary of Operating Budget FY 2014 - FY 2016

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
By Program:									
Administration	\$ 1,079,214	\$ 1,383,784	\$ 1,285,599	\$ (98,185)	(7.1)%	\$ 1,377,842	\$ 1,278,153	\$ (99,689)	(7.2)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 642,141	\$ 779,226	\$ 779,033	\$ (193)	(0.0)%	\$ 773,284	\$ 771,587	\$ (1,697)	(0.2)%
Contractual Services	333,425	582,212	345,916	(236,296)	(40.6)	582,212	345,916	(236,296)	(40.6)
Commodities	15,535	18,446	19,100	654	3.5	18,446	19,100	654	3.5
Capital Outlay	88,113	3,900	141,550	137,650	3,529.5	3,900	141,550	137,650	3,529.5
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 1,079,214	\$ 1,383,784	\$ 1,285,599	\$ (98,185)	(7.1)%	\$ 1,377,842	\$ 1,278,153	\$ (99,689)	(7.2)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 1,079,214	\$ 1,383,784	\$ 1,285,599	\$ (98,185)	(7.1)%	\$ 1,377,842	\$ 1,278,153	\$ (99,689)	(7.2)%
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
State Board of Pharmacy Fee Fund	838,033	1,058,023	1,225,898	167,875	15.9	1,052,195	1,218,452	166,257	15.8
SAMSHA PMP Integration Fund	89,768	300,000	59,701	(240,299)	(80.1)	300,000	59,701	(240,299)	(80.1)
Harold Rogers Prescription Fund	60,445	25,761	0	(25,761)	(100.0)	25,647	0	(25,647)	(100.0)
All Other Funds	90,968	0	0	0	--	0	0	0	--
TOTAL	\$ 1,079,214	\$ 1,383,784	\$ 1,285,599	\$ (98,185)	(7.1)%	\$ 1,377,842	\$ 1,278,153	\$ (99,689)	(7.2)%

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration	\$ 1,285,599	\$ 1,162,069	\$ (123,530)	(9.6) %	\$ 1,278,153	\$ 1,154,474	\$ (123,679)	(9.7)%
By Major Object of Expenditure:								
Salaries and Wages	\$ 779,033	\$ 812,879	\$ 33,846	4.3 %	\$ 771,587	\$ 805,284	\$ 33,697	4.4 %
Contractual Services	345,916	301,590	(44,326)	(12.8)	345,916	301,590	(44,326)	(12.8)
Commodities	19,100	20,850	1,750	9.2	19,100	20,850	1,750	9.2
Capital Outlay	141,550	26,750	(114,800)	(81.1)	141,550	26,750	(114,800)	(81.1)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 1,285,599	\$ 1,162,069	\$ (123,530)	(9.6) %	\$ 1,278,153	\$ 1,154,474	\$ (123,679)	(9.7)%
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	\$ 1,285,599	\$ 1,162,069	\$ (123,530)	(9.6) %	\$ 1,278,153	\$ 1,154,474	\$ (123,679)	(9.7)%
Financing:								
State General Fund	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
State Board of Pharmacy Fee Fund	1,225,898	1,162,069	(63,829)	(5.2)	1,218,452	1,154,474	(63,978)	(5.3)
SAMHSA PMP Integration Fund	59,701	0	(59,701)	(100.0)	59,701	0	(59,701)	(100.0)
Harold Rogers Prescription Fund	0	0	0	--	0	0	0	--
All Other Funds	0	0	0	--	0	0	0	--
TOTAL	\$ 1,285,599	\$ 1,162,069	\$ (123,530)	(9.6) %	\$ 1,278,153	\$ 1,154,474	\$ (123,679)	(9.7)%

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to Approved Budget

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2015	Agency Estimate FY 2015	Agency Change from Approved	Governor Rec. FY 2015	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,157,493	1,383,784	226,291	1,377,842	220,349
TOTAL	\$ 1,157,493	\$ 1,383,784	\$ 226,291	\$ 1,377,842	\$ 220,349
FTE Positions	7.0	9.0	2.0	9.0	2.0

The **agency** requests a revised estimate of \$1.4 million, all from special revenue funds, in FY 2015. This is an increase of \$226,291, or 19.6 percent, above the amount approved by the 2014 Legislature. This increase is attributable to an increase in SAMSHA grant funding (\$200,530) and carry over funding from FY 2014 from the Harold Rogers Prescription Drug Monitoring Program Training and Technical Assistance grant (\$25,761).

The revised estimate includes 9.0 FTE positions.

This revised estimate include the following items.

- **Salaries and Wages** expenditures of \$779,226, the same as the approved amount.

- **Contractual Services** expenditures of \$582,212. This is an increase of \$228,205, or 64.5 percent, above the approved number. This increase is largely attributable to an increase in SAMSHA grant funding (\$200,530) and a carry forward of FY 2014 grant funding from the Harold Rogers Prescription Drug Monitoring Program (\$25,762).
- **Commodities** expenditures of \$18,446. This is a decrease of \$1,914, or 9.4 percent, below the approved amount. This decrease is attributable to decreased expenditures for gasoline (\$2,000).
- **Capital Outlay** expenditures of \$3,900, the same as the approved amount.

The **Governor** recommends a budget of \$1.4 million, all from special revenue funds, in FY 2015. This is an increase of \$220,349, or 19.0 percent, above the approved amount. This increase is attributable to an increase in SAMSHA grant funding (\$200,530) and carry over funding from FY 2014 from the Harold Rogers Prescription Drug Monitoring Program Training and Technical Assistance grant (\$25,761).

The increase is partially offset by a reduction of \$5,942 as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,285,599	\$ 1,278,153	\$ (7,446)
FTE Positions	9.0	9.0	0.0
<i>Change from FY 2015:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	(98,185)	(99,689)	
TOTAL	<u>\$ (98,185)</u>	<u>\$ (99,689)</u>	
<i>Percent Change:</i>			
State General Fund	-- %	-- %	
All Other Funds	(7.1)	(7.2)	
TOTAL	<u>(7.1) %</u>	<u>(7.2) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$1.3 million, all from special revenue funds, for FY 2016. This is a decrease of \$98,185, or 7.1 percent, below the revised FY 2015 estimate. This decrease is attributable to an anticipated decrease in federal grant funding (\$265,990), partially offset by an enhancement request for licensing software (\$139,000).

The request includes 9.0 FTE positions, the same as the FY 2015 estimate.

This request includes the following items.

- **Salaries and Wages** expenditures of \$779,033. This is a decrease of \$193, or less than 0.1 percent, below the revised FY 2015 estimate. The request will allow maintenance of current staffing levels.
- **Contractual Services** expenditures of \$345,916. This is a decrease of \$236,296, or 40.6 percent, below the revised FY 2015 estimate. This decrease is attributable to a decrease in SAMSHA (\$240,229) and Harold Rogers Prescription Drug Monitoring Program (\$25,762) grant funding. This decrease is partially offset by an increase in rent and information technology expenditures.

- **Commodities** expenditures of \$19,100. This is an increase of \$654, or 3.5 percent, above the revised FY 2015 estimate. This increase is largely attributable to increased expenditures for gasoline (\$1,000).
- **Capital Outlay** expenditures of \$141,550. This is an increase of \$137,650, or 3,530 percent, above the revised FY 2015 estimate. This increase is attributable to the agency's enhancement request for licensing software (\$139,000).

The **Governor** recommends a budget of \$1.3 million, all from special revenue funds, for FY 2016. This is a decrease of \$7,446, or 0.6 percent, below the agency's request. This decrease is attributable to the Governor's recommended reduction to the employer contribution rate for state employee health insurance.

The Governor also recommends increasing the amount withheld from the agency's fee fund revenue and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a from the lesser of 10.0 percent or \$100,000 to the lesser of 20.0 percent or \$200,000. For this agency, that amount is estimated at \$100,000 for FY 2016.

Enhancements Detail

FY 2016 ENHANCEMENTS								
Enhancements	Agency Request			Governor's Recommendation				
	SGF	All Funds	FTE	SGF	All Funds	FTE		
Professional Licensing Software	\$ 0	\$ 139,000	0.0	\$ 0	\$ 139,000	0.0		

The **agency** requests \$139,000, all from special revenue funds, for the purchase of professional licensing and disciplinary software for FY 2016. The agency reports that it encumbered \$111,000 toward software purchases in FY 2015 and would apply those funds and this additional enhancement request toward software expected to cost approximately \$250,000.

Absent the enhancements the agency request is a decrease of \$237,185, or 17.1 percent, below the revised FY 2015 estimate.

The **Governor** concurs with the agency's enhancement request.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,162,069	\$ 1,154,474	\$ (7,595)
FTE Positions	9.0	9.0	0.0
Change from FY 2016:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	(123,530)	(123,679)	
TOTAL	<u>\$ (123,530)</u>	<u>\$ (123,679)</u>	
<i>Percent Change:</i>			
State General Fund	-- %	0.0 %	
All Other Funds	(9.6)	(9.7)	
TOTAL	<u>(9.6) %</u>	<u>(9.7) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$1.2 million, all from special revenue funds, for FY 2017. This is a decrease of \$123,530, or 9.6 percent, below the agency's FY 2016 request. This decrease is attributable to the end of the agency's FY 2016 enhancement request, partially offset by an enhancement request for a replacement vehicle.

The request includes 9.0 FTE positions, the same as the FY 2016 request.

This request includes the following items.

- **Salaries and Wages** expenditures of \$812,879. This is an increase of \$33,846, or 4.3 percent, above the agency's FY 2016 request. This

increase is attributable to the cost of the 27th pay period in FY 2017 and higher KPERS employer contribution rates.

- **Contractual Services** expenditures of \$301,590. This is a decrease of \$44,326, or 12.8 percent, below the agency's FY 2016 request. This decrease is attributable to a decrease in SAMSHA grant funding (\$59,701). This decrease is partially offset by increased expenditures for travel and training (\$2,400) and fees (\$6,500).
- **Commodities** expenditures of \$20,850. This is an increase of \$1,750, or 9.2 percent, above the agency's FY 2016 request. This increase is largely attributable to increased expenditures for gasoline (\$1,000).
- **Capital Outlay** expenditures of \$26,759. This is a decrease of \$123,530, or 81.1 percent, below the agency's FY 2016 request. This decrease is

attributable to the end of the agency's FY 2016 enhancement request for licensing software (\$139,000), partially offset by the agency's enhancement request for a replacement vehicle (\$20,000) and increased expenditures for computers (\$4,000).

The **Governor** recommends a budget of \$1.2 million, all from special revenue funds, for FY 2017. This is a decrease of \$7,595, or 0.7 percent, below the agency's request. This decrease is attributable to the Governor's recommended reduction to the employer contribution rate for state employee health insurance.

The Governor also recommends increasing the amount withheld from the agency's fee fund revenue and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a from the lesser of 10.0 percent or \$100,000 to the lesser of 20.0 percent or \$200,000. For this agency, that amount is estimated at \$100,000 for FY 2017.

Enhancements Detail

FY 2017 ENHANCEMENTS						
Enhancements	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Replacement Vehicle	\$ 0	\$ 20,000	0.0	\$ 0	\$ 20,000	0.0

The **agency** requests \$20,000, all from special revenue funds, for a replacement vehicle for FY 2017.

The **Governor** concurs with the agency's enhancement request.

Absent the enhancements the request is a decrease of \$4,530, or 0.4 percent, below the agency's FY 2016 request.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of \$11.3 million, including \$4.5 million from the State General Fund, in FY 2015 for a \$250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals \$3,262, all from special revenue funds, and affects 10 employees.**

Longevity Bonus Payments. For FY 2016 and FY 2017, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008 are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2016 payments is \$7.2 million, including \$2.8 million from the State General Fund. For FY 2017, the estimated cost for the payments is \$7.7 million, including \$3.0 million from the State General Fund. **For this agency, FY 2016 longevity payments total \$2,160, all from special revenue funds, and FY 2017 longevity payments total \$2,320, all from special revenue funds.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of \$282.8 million, including \$108.2 million from the State General Fund, for FY 2016 and \$289.2 million, including \$110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of \$7,446, all from special revenue funds, for FY 2016. This is a reduction of \$7,595, all from special revenue funds, for FY 2017.**

Kansas Public Employees Retirement System (KPERS) Rate Adjustments. The FY 2015 employer retirement contribution for KPERS regular and school members was scheduled to be 11.27 percent, an increase of 1.0 percent from 10.27 in FY 2014. The Governor reduced the employer contribution rate from 11.27 percent to 8.65 percent for the second half of FY 2015, for an effective contribution rate of 9.96 percent as part of the Governor's allotment plan. For FY 2016, the Governor recommends the retirement rate increase by 2.41 percent from 9.96 percent to 12.37 percent. For FY 2017, the Governor recommends the retirement rate increase by 1.2 percent from 12.37 percent to 13.57 percent. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERS fund.

In addition, the employer contribution for the KPERS death and disability insurance rate will be increased to 1.0 percent, from 0.85 percent, for FY 2016 and for FY 2017.

The Governor further proposes offering \$1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution rates of the State/School Group. The Kansas Public Employee Retirement System estimates this plan could reduce employer contributions by \$68.43 million in FY 2016 and \$132.85 in FY 2017. The Kansas Development Finance Authority estimates that the bond service would be \$90.3 million in FY 2016 through FY 2017, assuming the Kansas credit ratings are not downgraded.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State Board of Pharmacy Fee Fund	95.4 %	95.3 %	100.0 %	100.0 %
SAMSHA PMP Integration Fund	4.6	4.7	0.0	0.0
TOTAL	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Note: Percentages may not add due to rounding.

State Board of Pharmacy Fee Fund

The State Board of Pharmacy Fee Fund receives fees from the licensing of pharmacists, pharmacy technicians, pharmacies, drug manufacturers and distributors, and retail dealers, as well as the administration of pharmacist licensing examinations. Licenses and permits are renewed on an biennial basis.

Historically, the agency's cash flow fluctuated throughout the year because different classes of licenses expired on dates established by statute. The **2014 Legislature** eliminated these set expiration dates and empowered the Board to set the renewal schedule for licensees. The effect on agency cash flow has not yet been determined and will depend on regulations established by the Board. Pharmacists and pharmacy technicians will continue to renew biennially, with odd-numbered licenses and registrations renew in odd-numbered years and even-numbered registrations renew in even-numbered years.

Additionally, in order to address the growing balance in the Fee Fund, the Board reduced all application, renewal, and late fees by 20 percent, effective July 1, 2014.

As a fee funded agency, the Board currently contributes the lesser of 10 percent or \$100,000 of fee revenue to the State General Fund for the cost of support services provided by other state agencies under KSA 75-3170a. The Governor's 2015 budget includes a recommendation to increase this contribution rate to the lesser of 20 percent or \$200,000 of fee revenue beginning in FY 2016. That change would affect this agency's reported revenue and fund balance beginning in FY 2016.

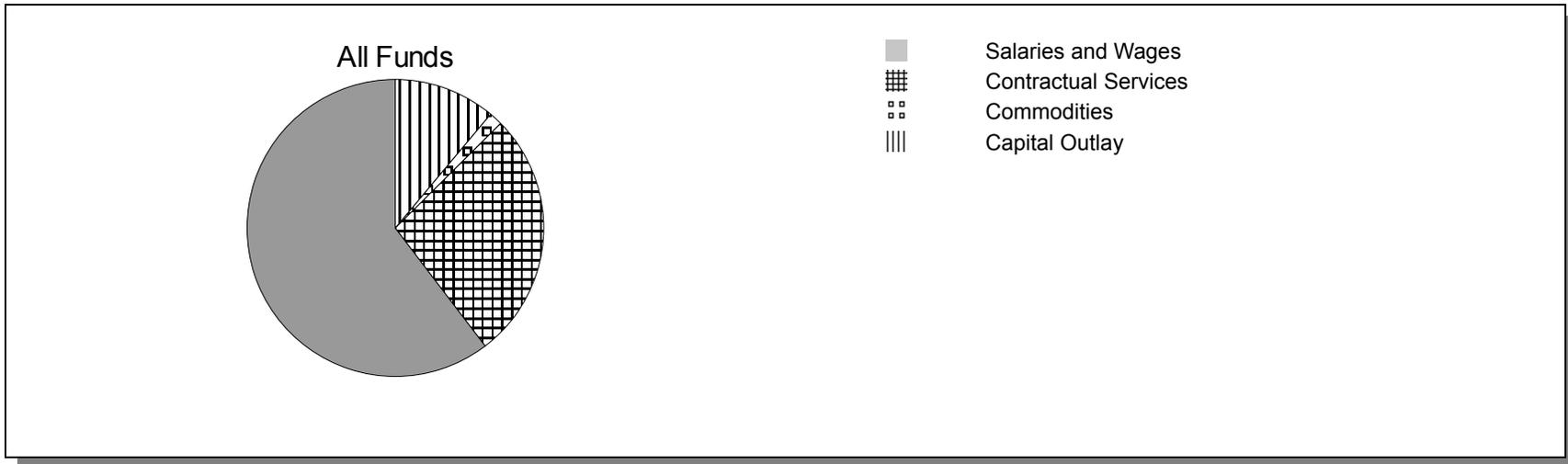
The table below summarizes estimated receipts and fund balances based upon the agency estimate and the Governor's recommendation, including the proposed change in State General Fund contribution.

Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 1,821,619	\$ 2,195,644	\$ 2,195,644	\$ 2,164,121	\$ 2,169,949	\$ 1,899,723	\$ 1,812,997
Revenue	1,198,756	1,026,500	1,026,500	961,500	861,500	961,500	861,500
Transfers in	13,302	0	0	0	0	0	0
Total Funds Available	\$ 3,033,677	\$ 3,222,144	\$ 3,222,144	\$ 3,125,621	\$ 3,031,449	\$ 2,861,223	\$ 2,674,497
Less: Expenditures	838,033	1,058,023	1,052,195	1,225,898	1,218,452	1,162,069	1,154,474
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	\$ 2,195,644	\$ 2,164,121	\$ 2,169,949	\$ 1,899,723	\$ 1,812,997	\$ 1,699,154	\$ 1,520,023
Ending Balance as Percent of Expenditures	262.0%	204.5%	206.2%	155.0%	148.8%	146.2%	131.7%
	July	July	July	July	July	July	July
Month Highest Ending Balance	\$ 2,195,507	\$ 2,211,278	\$ 2,234,236	\$ 2,166,697	\$ 2,086,490	\$ 1,907,618	\$ 1,725,199
	April	April	April	April	April	April	April
Month Lowest Ending Balance	\$ 1,502,742	\$ 1,653,378	\$ 1,670,544	\$ 1,461,109	\$ 1,407,021	\$ 1,249,902	\$ 1,130,378

BOARD OF PHARMACY FEES - FY 2015				
License Class	Initial Fee	Online Renewal Fee	Paper Renewal Fee	Late Fee
Pharmacists (Exam)	\$ 40	\$ 126	120	160
Pharmacists (Reciprocity)	64	126	120	160
Pharmacy	112	105	100	100
Intern	50	N/A	N/A	N/A
Manufacturer	240	249	240	240
Distributor	240	249	240	240
NPD Distributor	40	43	40	40
Research and Teaching	40	43	40	40
Analytical Lab	40	43	40	40
Ambulance	20	22	20	20
Retail Dealer	9.60	11.60	9.60	9.60
Institutional Drug Room	20	18	16	16
Technician	70	22	20	N/A
Sample Distributor	24	26	24	24
DME Provider	240	249	240	240
Non-Resident Pharmacy	112	105	100	100

PROGRAM DETAIL

EXPENDITURES BY OBJECT-- GOVERNOR'S FY 2016 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Salaries and Wages	\$ 771,587	60.4 %	\$ 0	-- %
Contractual Services	345,916	27.1	0	--
Commodities	19,100	1.5	0	--
Capital Outlay	141,550	11.1	0	--
TOTAL	\$ 1,278,153	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2014 – FY 2017

<u>Program</u>	<u>Actual FY 2014</u>	<u>Agency Est. FY 2015</u>	<u>Gov. Rec. FY 2015</u>	<u>Agency Req. FY 2016</u>	<u>Gov. Rec. FY 2016</u>	<u>Agency Req. FY 2017</u>	<u>Gov. Rec. FY 2017</u>
Administration	7.0	9.0	9.0	9.0	9.0	9.0	9.0

PERFORMANCE MEASURES

<u>Measure</u>	<u>Gov. Rec. for FY 2014</u>	<u>Actual FY 2014</u>	<u>Gov. Rec. FY 2015</u>	<u>Gov. Rec. FY 2016</u>	<u>Gov. Rec. FY 2017</u>
Number of active pharmacists licenses	--	5,228	5,197	5,197	5,197
Number of complaints recieved	165	164	170	--	--
Number of inspections performed	925	907	901	--	--
Number of disciplinary actions imposed	--	35	50	--	--