

# BOARD OF PHARMACY

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022	Agency Req. FY 2023	Gov. Rec. FY 2023
<b>Operating Expenditures:</b>							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	2,781,623	3,497,493	3,498,425	3,195,836	3,726,046	3,214,338	3,713,796
<i>Subtotal</i>	<i>\$ 2,781,623</i>	<i>\$ 3,497,493</i>	<i>\$ 3,498,425</i>	<i>\$ 3,195,836</i>	<i>\$ 3,726,046</i>	<i>\$ 3,214,338</i>	<i>\$ 3,713,796</i>
<b>Capital Improvements:</b>							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
<b>TOTAL</b>	<b><u>\$ 2,781,623</u></b>	<b><u>\$ 3,497,493</u></b>	<b><u>\$ 3,498,425</u></b>	<b><u>\$ 3,195,836</u></b>	<b><u>\$ 3,726,046</u></b>	<b><u>\$ 3,214,338</u></b>	<b><u>\$ 3,713,796</u></b>

## Percentage Change:

### Operating Expenditures

State General Fund	-- %	-- %	-- %	-- %	-- %	-- %	-- %
All Funds	14.3	25.7	25.8	(8.6)	6.5	0.6	(0.3)
FTE Positions	18.0	18.0	18.0	18.0	19.0	15.0	19.0

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

## AGENCY OVERVIEW

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The Board of Pharmacy is responsible for the enforcement of the Pharmacy Act and the Controlled Substances Act. The mission of the Board is to ensure 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.

### MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** passed House Sub. for SB 491, which created the Prescription Monitoring Program to monitor Schedule II through Schedule IV substances and other drugs of concern. The Board 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 Board 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 **2012 Legislature** passed SB 134, which requires the Board 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 moneys may be used for the pilot projects.

SB 134 also expanded the Prescription Monitoring Program, known as K-TRACS, 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 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 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 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.

The **2017 Legislature** approved transfers into the Pharmacy Fee Fund from the agencies that regulate a profession with prescribing authority: the Board of Healing Arts, the Board of Nursing, the Dental Board, and the Board of Examiners in Optometry.

The **2017 Legislature** passed HB 2030, which changed the minimum age from 18 to 12 years of age for a person to whom a pharmacist, pharmacy student, or pharmacy intern may administer a vaccine, other than the influenza vaccine. In addition, HB 2030 allows individuals or parents/guardians of a minor to opt-out of the existing requirements to report all immunizations to appropriate county or state registries.

The **2017 Legislature** passed Senate Sub. for HB 2055, which made various amendments to the Kansas Pharmacy Act. The bill deleted, added, or modified definitions to be consistent with federal standards; inserted provisions to bring the Act into compliance with federal law; modified requirements for wholesale distributors; inserted requirements for an automated dispensing system, a third-party logistics provider, and an outsourcing facility; changed requirements for pharmacy technicians; set caps on registration fees for third-party logistics providers, outsourcing facilities, repackagers, and automated dispensing systems; and expanded the rules and regulations authority of the Board in several areas.

The **2017 Legislature** passed HB 2217, which amended the Kansas Pharmacy Act to create standards governing the use of emergency opioid antagonists approved by the federal Food and Drug Administration (FDA) to treat an opioid overdose. The bill requires the Board to issue a statewide opioid antagonist protocol. Additionally, the bill provides protection from civil and criminal liability for individuals acting in good faith and with reasonable care in administering an opioid antagonist.

The **2017 Legislature** passed House Sub. for SB 51, which added several drugs to and modified drug classes under the Uniform Controlled Substances Act. The bill also expanded the authority of the Board to provide greater flexibility in the emergency scheduling of controlled substance analogs (also known as “designer drugs”) and new drugs, and amended the duration of the temporary scheduling by the Board.

The **2018 Legislature** approved transfers into the Pharmacy Fee Fund from the agencies that regulate a profession with prescribing authority—the Board of Healing Arts, the Board of Nursing, the Dental Board, and the Board of Examiners in Optometry—in FY 2018 and FY 2019.

The **2019 Legislature** passed HB 2119, which amends the Kansas Pharmacy Act to require certain prescription orders to be transmitted electronically and to permit a licensed pharmacist to administer a drug by injection in certain situations.

## BUDGET SUMMARY AND KEY POINTS

### FY 2021 Agency Estimate

The **agency** submits a revised estimate of \$3.5 million, all from special revenue funds, in FY 2021. This is an increase of \$1.0 million, or 41.5 percent, above the FY 2021 approved budget. This increase is primarily attributable to increased fringe

benefit costs and federal grants (\$923,150) for K-TRACS program software. The request includes funding for 18.0 FTE positions, which is an increase of 4.0 FTE positions above the FY 2021 approved number.

### FY 2021 Governor Recommendation

The **Governor** recommends expenditures of \$3.5 million, all from special revenue funds, in FY 2021. This is an increase of \$932 above the agency's FY 2021 revised estimate. The increase is attributable to the addition of \$932 from the federal

Coronavirus Relief Fund moneys for administrative expenses as it pertains to personal protective equipment for office staff and five field inspectors. The personal protective equipment includes masks, gloves, sanitizing wipes and gel, and thermometers.

### FY 2022 Agency Request

The **agency** requests \$3.2 million, all from special revenue funds, for FY 2022. This is a decrease of \$301,657, or 8.6 percent, below the FY 2021 revised estimate. This decrease is

primarily attributable to decreases in salaries and wages and contractual services.

### FY 2022 Governor Recommendation

The **Governor** recommends expenditures of \$3.7 million, all from special revenue funds. This is an increase of \$530,210, or 16.6 percent, above the agency request for FY 2022.

The increase includes \$60,740 for the new Pharmacy inspector along with 1.0 FTE position and \$469,470 in federal funding from the Harold Rogers Prescription Drug Monitoring program.

## **FY 2023 Agency Request**

The **agency** requests \$3.2 million, all from special revenue funds, for FY 2023. This is an all funds increase of \$18,502, or 0.6 percent, above the FY 2022 request. This increase is primarily attributable to increased contractual services with a

partially offsetting decrease in salaries and wages. The agency requests 15 FTE, a reduction of three FTE, due to not knowing if the grant funding would be available at the time of the budget submission.

## **FY 2023 Governor Recommendation**

The **Governor** recommends expenditures of \$3.7 million, all from special revenue funds. This is an increase of \$499,458, or 15.5 percent, above the agency's FY 2023 request. The increase includes \$121,275 for the continuation of the Pharmacy inspector added in FY 2022 and \$378,183 in federal funding from the Harold Rogers Prescription Drug Monitoring program.

At the time of the agency budget submission, the agency was not certain of the federal grant award, so the agency's request included a reduction of 3.0 FTE positions. The grant was subsequently awarded, and the Governor's recommendation restores 3.0 FTE positions funded with the additional grant funding.

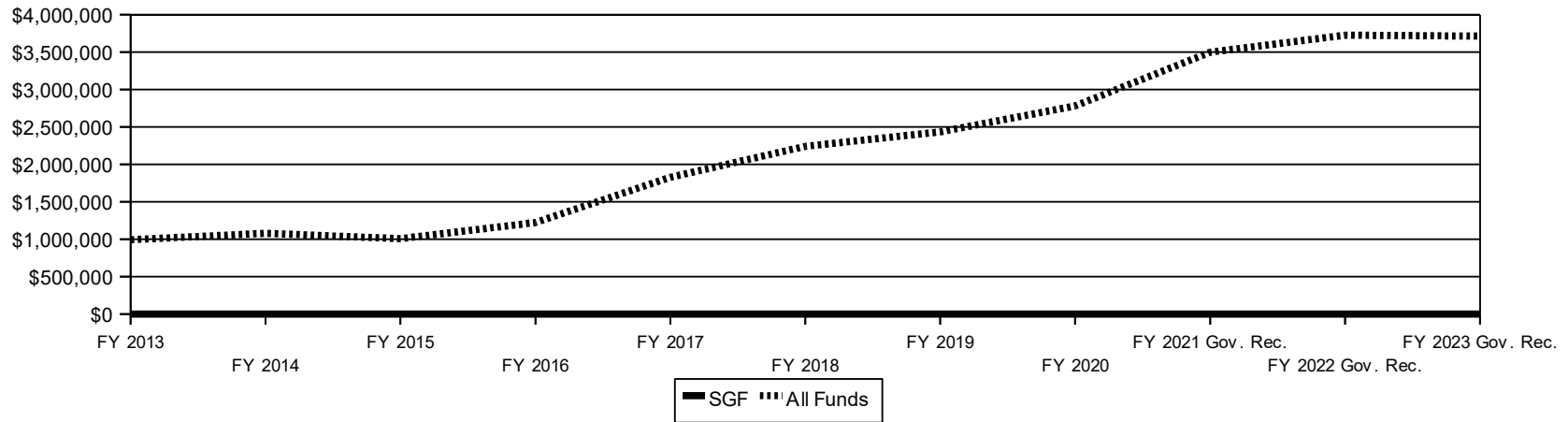
# PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Initial Applications Processed within 30 Days of receipt during previous year	76.7 %	78.7 %	98.0 %	80.0 %	80.0 %	81.0 %
Percent of Initial Applications Processed within 30 Days of completion during previous year*	97.9 %	100.0 %	100 %	95.4 %	95.5 %	96.0 %
Percent of online renewals for the previous fiscal year*	97.2 %	98.1 %	44.6 %	99.2 %	99.0 %	99.0 %
Number of Continuing Education courses approved for the previous fiscal year	47	81	52	60	60	60
Number of Complaints Received	151	116	125	15	100	100
Number of Compliance Inspections Completed*	838	581	500	254	600	600
<b>Agency Expenditures</b>						
All Funds (Dollars in Thousands)	\$ 2,241.0	\$ 2,434.3	\$ 3,080.5	\$ 2,781.6	\$ 3,498.4	\$ 3,726.0
FTE Positions	12.0	12.0	14.0	18.0	18.0	19.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2013 – FY 2023



Fiscal Year	SGF	Percent Change	All Funds	Percent Change	FTE
2013	\$ 0	-- %	\$ 992,663	(6.3)%	10.0
2014	0	--	1,079,214	8.7	9.0
2015	0	--	1,006,901	(6.7)	11.0
2016	0	--	1,222,327	21.4	11.0
2017	0	--	1,827,463	49.5	12.0
2018	0	--	2,241,010	22.6	12.0
2019	0	--	2,434,272	8.6	14.0
2020	0	--	2,781,623	14.3	18.0
2021 Gov. Rec.	0	--	3,498,425	25.8	18.0
2022 Gov. Rec.	0	--	3,726,046	6.5	19.0
2023 Gov. Rec.	0	--	3,713,796	(0.3)	19.0
Eleven-Year Change	\$ 0	-- %	\$ 2,721,133	274.1 %	9.0

**Summary of Operating Budget FY 2020 – FY 2022**

	Actual 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
<b>By Program:</b>									
Administration	\$ 2,781,623	\$ 3,497,493	\$ 3,195,836	\$ (301,657)	(8.6) %	\$ 3,498,425	\$ 3,726,046	\$ 227,621	6.5 %
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 1,097,164	\$ 1,335,424	\$ 1,183,188	\$ (152,236)	(11.4) %	\$ 1,335,424	\$ 1,472,022	\$ 136,598	10.2 %
Contractual Services	1,644,608	2,061,969	1,906,748	(155,221)	(7.5)	2,061,969	2,128,048	66,079	3.2
Commodities	15,010	36,600	41,900	5,300	14.5	37,532	61,976	24,444	65.1
Capital Outlay	24,841	63,500	64,000	500	0.8	63,500	64,000	500	0.8
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	\$ 2,781,623	\$ 3,497,493	\$ 3,195,836	\$ (301,657)	(8.6) %	\$ 3,498,425	\$ 3,726,046	\$ 227,621	6.5 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
<b>TOTAL</b>	<b>\$ 2,781,623</b>	<b>\$ 3,497,493</b>	<b>\$ 3,195,836</b>	<b>\$ (301,657)</b>	<b>(8.6) %</b>	<b>\$ 3,498,425</b>	<b>\$ 3,726,046</b>	<b>\$ 227,621</b>	<b>6.5 %</b>
<b>Financing:</b>									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
All Other Funds	2,781,623	3,497,493	3,195,836	(301,657)	(8.6)	3,498,425	3,726,046	227,621	6.5
<b>TOTAL</b>	<b>\$ 2,781,623</b>	<b>\$ 3,497,493</b>	<b>\$ 3,195,836</b>	<b>\$ (301,657)</b>	<b>(8.6) %</b>	<b>\$ 3,498,425</b>	<b>\$ 3,726,046</b>	<b>\$ 227,621</b>	<b>6.5 %</b>



**Summary of Operating Budget FY 2022 – FY 2023**

	Agency Estimate				Governor's Recommendation			
	Request FY 2022	Request FY 2023	Dollar Change from FY 22	Percent Change from FY 22	Rec. FY 2022	Rec. FY 2023	Dollar Change from FY 22	Percent Change from FY 22
<b>By Program:</b>								
Administration	\$ 3,195,836	\$ 3,214,338	\$ 18,502	0.6 %	\$ 3,726,046	\$ 3,713,796	\$ (12,250)	(0.3)%
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 1,183,188	\$ 1,121,842	\$ (61,346)	(5.2) %	\$ 1,472,022	\$ 1,534,925	\$ 62,903	4.3 %
Contractual Services	1,906,748	1,981,396	74,648	3.9	2,128,048	2,047,695	(80,353)	(3.8)
Commodities	41,900	43,900	2,000	4.8	61,976	63,976	2,000	3.2
Capital Outlay	64,000	67,200	3,200	5.0	64,000	67,200	3,200	5.0
Debt Service	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 3,195,836</i>	<i>\$ 3,214,338</i>	<i>\$ 18,502</i>	<i>0.6 %</i>	<i>\$ 3,726,046</i>	<i>\$ 3,713,796</i>	<i>\$ (12,250)</i>	<i>(0.3)%</i>
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
<b>TOTAL</b>	<b>\$ 3,195,836</b>	<b>\$ 3,214,338</b>	<b>\$ 18,502</b>	<b>0.6 %</b>	<b>\$ 3,726,046</b>	<b>\$ 3,713,796</b>	<b>\$ (12,250)</b>	<b>(0.3)%</b>
<b>Financing:</b>								
State General Fund	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
All Other Funds	3,195,836	3,214,338	18,502	0.6	3,726,046	3,713,796	(12,250)	(0.3)
<b>TOTAL</b>	<b>\$ 3,195,836</b>	<b>\$ 3,214,338</b>	<b>\$ 18,502</b>	<b>0.6 %</b>	<b>\$ 3,726,046</b>	<b>\$ 3,713,796</b>	<b>\$ (12,250)</b>	<b>(0.3)%</b>

# BUDGET OVERVIEW

## A. FY 2021 – Current Year

### Adjustments to Approved State General Fund Budget

The agency’s revised estimate does not include any State General Fund (SGF) expenditures.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,472,475	3,497,493	1,025,018	3,498,425	1,025,950
<b>TOTAL</b>	<b>\$ 2,472,475</b>	<b>\$ 3,497,493</b>	<b>\$ 1,025,018</b>	<b>\$ 3,498,425</b>	<b>\$ 1,025,950</b>
FTE Positions	14.0	18.0	4.0	18.0	4.0

The **agency** submits a revised estimate of \$3.5 million, all from special revenue funds, in FY 2021. This is an increase of \$1.0 million, or 41.5 percent, above the FY 2021 approved budget. This increase is primarily attributable to increased fringe benefit costs and federal grants (\$923,150) for K-TRACS program software. The request includes funding for 18.0 FTE positions, which is an increase of 4.0 FTE positions above the FY 2021 approved number.

The revised estimate includes the following items:

- Salaries and Wages.** The agency requests \$1.3 million for salaries and wages in FY 2021. This is an increase of \$137,177, or 11.4 percent, above the approved FY 2021 amount. The increase is primarily attributable to increased expenditures for unclassified temporary positions and employer contributions to group health insurance and the Kansas Public Employees Retirement System (KPERs);

- **Contractual Services.** The agency requests \$2.1 million for contractual services in FY 2021. This is an increase of \$856,841, or 71.1 percent, above the FY 2021 approved amount. This increase is primarily attributable to federal grants for K-TRACS software;
- **Commodities.** The agency requests \$36,600 for commodities in FY 2021. This is an increase of \$4,000, or 12.3 percent, above the FY 2021 approved amount. This increase is primarily attributable to additional expenditures for household supplies and materials; and

- **Capital Outlay.** The agency requests \$63,500 for capital outlay in FY 2021. This is an increase of \$27,000, or 74.0 percent, above the approved FY 2021 amount. The increase is attributable to a new vehicle purchase.

The **Governor** recommends expenditures of \$3.5 million, all from special revenue funds, in FY 2021. This is an increase of \$932 above the agency's FY 2021 revised estimate. The increase is attributable to the addition of \$932 from the federal Coronavirus Relief Fund for administrative expenses as it pertains to personal protective equipment for office staff and five field inspectors. The personal protective equipment includes masks, gloves, sanitizing wipes and gel, and thermometers.

**B. FY 2022 – Budget Year**

<b>FY 2022 OPERATING BUDGET SUMMARY</b>			
	Agency Request	Governor's Recommendation	Difference
<b>Total Request/Recommendation</b>	\$ 3,195,836	\$ 3,726,046	\$ 530,210
<b>FTE Positions</b>	18.0	19.0	1.0
<b>Change from FY 2021:</b>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	(301,657)	227,621	
<b>TOTAL</b>	<b>\$ (301,657)</b>	<b>\$ 227,621</b>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	(8.6)	6.5	
<b>TOTAL</b>	<b>(8.6) %</b>	<b>6.5 %</b>	
Change in FTE Positions	0.0	1.0	

The **agency** requests \$3.2 million, all from special revenue funds, for FY 2022. This is a decrease of \$301,657, or 8.6 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to decreases in salaries and wages and contractual services.

The request includes the following items:

- **Salaries and Wages.** The agency **requests** \$1.2 million for salaries and wages for FY 2022. This is an a decrease of \$152,236, or 11.4 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to decreased

expenditures on unclassified regular and temporary positions;

- **Contractual Services.** The **agency** requests \$1.9 million for contractual services for FY 2022. This is a decrease of \$155,221, or 7.5 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to a decrease in rental equipment and travel expenditures;
- **Commodities.** The **agency** requests \$41,900 for commodities for FY 2022. This is an increase of \$5,300, or 14.5 percent, above the FY 2021 revised estimate. This increase is primarily attributable to increased expenditures for gasoline and household supplies; and

- **Capital Outlay.** The **agency** requests \$64,000 for capital outlay for FY 2022. This is an increase of \$500, or 0.8 percent, above the FY 2021 revised estimate. This increase is primarily attributable to increased expenditures for computer equipment and software.

The **Governor** recommends expenditures of \$3.7 million, all from special revenue funds. This is an increase of \$530,210, or 16.6 percent, above the agency request for FY 2022. The increase includes the addition of \$60,740 for the new Pharmacy inspector along with 1.0 FTE position and the addition of \$469,470 in federal funding from the Harold Rogers Prescription Drug Monitoring program.

### Enhancements Detail

Enhancements	FY 2022 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Merit Based 2.0 Percent Salary Increase	\$ 0	\$ 9,216	0.0	\$ 0	\$ 0	0.0
New Pharmacy Inspector	0	60,428	1.0	0	60,740	1.0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 69,644</b>	<b>1.0</b>	<b>\$ 0</b>	<b>\$ 60,740</b>	<b>1.0</b>

The **agency** has reviewed historical performance evaluations for employees and determined that merit-based increases would be warranted if certain employees continue to demonstrate work and behavior that receives the "exceeds expectations" or "exceptional" performance rating. To ensure sufficient fee funding to support these proposed increases, the

Board requires additional expenditure authority. The agency requests \$9,216, all from special revenue funds, for this increase for FY 2022.

The agency currently employs two pharmacy compliance inspectors and three licensed pharmacists to fulfill all inspection

responsibilities. Sterile and non-sterile compounding inspections require more lengthy and robust inspections (0.5-4 days) consistent with the best practices outlined by the U.S. Pharmacopeia and adopted by the Board by regulation in 2019 (KAR 68-13-2, *et seq.*). Despite agency efforts to manage inspector workload, the Board has seen an increase in the volume of work assigned over the past few years. In addition, the Board anticipates entering into a memorandum of understanding with the FDA in the next 12-18 months requiring inspector review, inspection, and reporting of certain sterile and non-sterile compounding information for registered facilities on a monthly basis. This new responsibility will further add to the

inspector workload and is necessary to allow Kansas pharmacies to distribute compound medications interstate. As a result, the Board anticipates the need for another full-time licensed pharmacy inspector beginning in FY 2022. The agency requests the addition of \$60,428, all from special revenue funds for FY 2022.

The **Governor** recommends \$60,740 for the new Pharmacy inspector and 1.0 FTE position but does not recommend the merit-based salary increase. The difference from the agency request for the inspector position is a technical adjustment.

**C. FY 2023 – Budget Year**

<b>FY 2023 OPERATING BUDGET SUMMARY</b>			
	Agency Request	Governor's Recommendation	Difference
<b>Total Request/Recommendation</b>	\$ 3,214,338	\$ 3,713,796	\$ 499,458
<b>FTE Positions</b>	15.0	19.0	4.0
<b>Change from FY 2022:</b>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	18,502	(12,250)	
<b>TOTAL</b>	<b>\$ 18,502</b>	<b>\$ (12,250)</b>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	0.6	(0.3)	
<b>TOTAL</b>	<b>0.6 %</b>	<b>(0.3) %</b>	
Change in FTE Positions	(3.0)	0.0	

The **agency** requests \$3.2 million, all from special revenue funds, for FY 2023. This is an all funds increase of \$18,502, or 0.6 percent, above the FY 2022 request. This increase is primarily attributable to increased contractual services with an offsetting decrease in salaries and wages. The agency requests 15 FTE, a reduction of three FTE, due to not knowing if the grant funding would be available at the time of the budget submission. The request includes the following items:

- **Salaries and Wages.** The agency requests \$1.1 million for salaries and wages for FY 2023. This

is an all funds decrease of \$61,346, or 5.2 percent, below the FY 2022 request. The decrease is primarily attributable to decreased expenditures on unclassified regular positions;

- **Contractual Services.** The agency requests \$2.0 million for contractual services for FY 2023. This is an all funds increase of \$74,648, or 3.9 percent, above the FY 2022 request. This increase is primarily attributable to increased computer software costs;

- **Commodities.** The agency requests \$43,900 for commodities for FY 2023. This is an increase of \$2,000, or 4.8 percent, above the FY 2022 request. This increase is primarily attributable to increased expenditures for gasoline and supplies; and
- **Capital Outlay.** The agency requests \$67,200 for capital outlay for FY 2023. This is an increase of \$13,200, or 5.0 percent, above the FY 2022 request. This increase is attributable to increased expenditures on office furniture, computer equipment, and software.

The **Governor** recommends expenditures of \$3.7 million, all from special revenue funds. This is an increase of \$499,458, or 15.5 percent, above the agency request. The increase includes \$121,275 for the Pharmacy inspector and \$378,183 in federal funding from the Harold Rogers Prescription Drug Monitoring program.

At the time of the agency budget submission, the agency was not certain of the federal grant award, so the request was a reduction of 3.0 FTE positions. The grant was subsequently awarded, and therefore the Governor's recommendation restores 3.0 FTE positions with the additional grant funding.

### Enhancements Detail

Enhancements	FY 2023 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Merit-Based 2.0 Percent Salary Increase	\$ 0	\$ 17,681	0.0	\$ 0	\$ 0	0.0
New Pharmacy Inspector	0	121,274	1.0	0	121,275	1.0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 138,955</b>	<b>1.0</b>	<b>\$ 0</b>	<b>\$ 121,275</b>	<b>1.0</b>

The **agency** has reviewed historical performance evaluations for employees and determined that merit-based increases would be warranted if certain employees continue to demonstrate work and behavior that receives the "exceeds expectations" or "exceptional" performance rating. To ensure sufficient fee funding to support these proposed increases, the Board requires additional expenditure authority. The agency requests \$17,681, all from special revenue funds for this increase for FY 2023.

The **agency** currently employs two pharmacy compliance inspectors and three licensed pharmacists to fulfill all inspection responsibilities. Sterile and non-sterile compounding inspections require more lengthy and robust inspections (0.5-4 days) consistent with the best practices outlined by the U.S. Pharmacopeia and adopted by the Board by regulation in 2019 (KAR 68-13-2, *et seq.*). Despite agency efforts to manage inspector workload, the Board has seen an increase in the volume of work assigned over the past few years. In addition, the Board anticipates entering into a memorandum of



understanding with the FDA in the next 12-18 months requiring inspector review, inspection, and reporting of certain sterile and non-sterile compounding information for our registered facilities on a monthly basis. This new responsibility will further add to the inspector workload and is necessary to allow Kansas pharmacies to distribute compound medications interstate. As a result, the Board anticipates the need for another full-time licensed pharmacy inspector beginning in FY 2022. The agency

requests the addition of \$121,274, all from special revenue funds for FY 2023.

The **Governor** recommends \$121,275, all from special revenue funds, for the new Pharmacy inspector and 1.0 FTE position. The Governor does not recommend the merit-based salary increase.

## Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

**Longevity Bonus Payments.** In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$1,480, including \$0 SGF, FY 2022 longevity payments total \$1,560, including \$0 SGF, and there are no longevity payments for FY 2023 .**

**Kansas Public Employees Retirement System (KPERs).** The employer retirement contribution rate, including Death and Disability contributions, for the KPERs State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The

FY 2021 rate excludes the 1.0 percent KPERs Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERs State and School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERs State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERs layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

**KPERs Death and Disability Group Insurance Fund.** During FY 2021, a moratorium on employer contributions to the KPERs Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERs School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

## Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022	Agency Req. Percent of Total FY 2023	Gov. Rec. Percent of Total FY 2023
State General Fund	0.0 %	0.0 %	0.0 %	0.0 %
Pharmacy Fee Fund	78.4	68.9	100.0	89.8
All Other Funds	21.6	31.1	0.0	10.2
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

(Note: Totals may not add due to rounding.)

## 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 a biennial

basis. KSA 75-3170a(a) provides that 90.0 percent of incoming revenues are retained by the agency and 10.0 percent are deposited into the SGF, up to a maximum of \$100,000 per fiscal year per fund. There is a transfer into the fee fund to add in the funding of the K-TRACS program.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Governor Rec. FY 2021	Agency Request FY 2022	Governor Rec. FY 2022	Agency Request FY 2023	Governor Rec. FY 2023
Beginning Balance	\$ 1,629,210	\$ 2,362,408	\$ 2,362,408	\$ 1,905,033	\$ 1,905,033	\$ 995,117	\$ 1,079,377
Revenue	1,631,812	1,595,000	1,595,000	1,595,000	1,595,000	1,595,000	1,595,000
Transfers in	983,501	0	0	0	145,000	0	145,000
<i>Funds Available</i>	<i>\$ 4,244,523</i>	<i>\$ 3,957,408</i>	<i>\$ 3,957,408</i>	<i>\$ 3,500,033</i>	<i>\$ 3,645,033</i>	<i>\$ 2,590,117</i>	<i>\$ 2,819,377</i>
Less:							
Expenditures	\$ 1,882,115	\$ 2,052,375	\$ 2,052,375	\$ 2,504,916	\$ 2,565,656	\$ 3,214,338	\$ 3,335,613
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
<b>Ending Balance</b>	<b>\$ 2,362,408</b>	<b>\$ 1,905,033</b>	<b>\$ 1,905,033</b>	<b>\$ 995,117</b>	<b>\$ 1,079,377</b>	<b>\$ (624,221)</b>	<b>\$ (516,236)</b>
Ending Balance as Percent of Expenditures	125.5%	92.8%	92.8%	39.7%	42.1%	(19.4%)	(15.5%)
Month Highest Ending Balance	June 2020 \$ 2,461,880	July 2020 \$ 2,388,584	July 2020 \$ 2,388,584	July 2021 \$ 1,906,298	July 2021 \$ 1,906,298	July 2022 \$ 888,605	July 2022 \$ 888,605
Month Lowest Ending Balance	Sept 2019 \$ 1,548,872	May 2021 \$ 1,138,440	May 2021 \$ 1,138,440	May 2022 \$ 226,063	May 2022 \$ 226,063	May 2023 \$ 0	May 2023 \$ 0

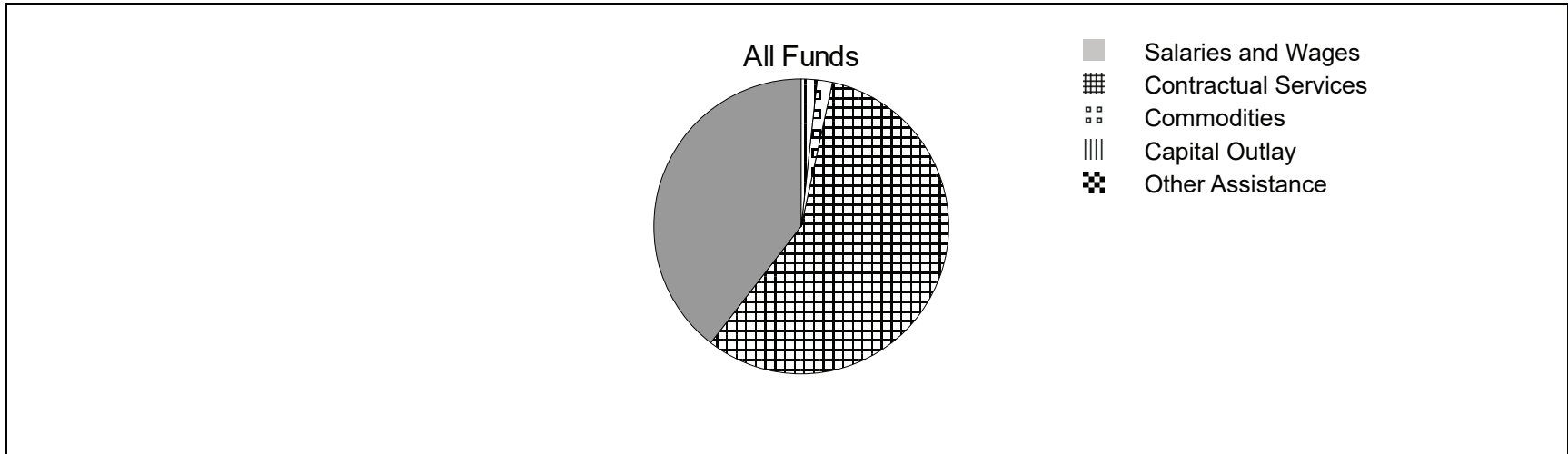
LICENSURE FEES		
License	Current Fee	Statutory Limit
Pharmacists by Exam	\$ 100	\$ 350
Pharmacists by Reciprocity	125	250
Pharmacy Renewal	150	200
Pharmacy Intern	20	25
Pharmacy Technician	20	50
Pharmacy Registration	150	150
Pharmacy Renewal	125	125
Manufacturer Registration	350	500
Manufacturer Renewal	350	400

**LICENSURE FEES**

License	Current Fee	Statutory Limit
Wholesale Distributor Registration	350	500
Wholesale Distributor Renewal	350	400
Non-prescription Drug Wholesaler	50	50
Non-prescription Drug Wholesaler Renewal	50	50
Institutional Drug Room	25	40
Institutional Drug Room Renewal	20	35
Veterinary Medical Teaching Hospital Pharmacy	25	40
Retailer Dealer Permit	10	12
Retailer Dealer Permit Renewal	10	12
Sample Distribution Permit	30	50
Sample Distribution Permit Renewal	30	50
Durable Medical Equipment Provider	300	300
Durable Medical Equipment Provider Renewal	300	300
Third-party Logistics Provider	350	500
Third-party Logistics Provider Renewal	350	400
Non-Prescription Third-party Logistics Provider	50	50
Non-Prescription Third-party Logistics Provider Renewal	50	50
Outsourcing Facility	350	500
Outsourcing Facility Renewal	350	400
Repackager	350	500
Repackager Renewal	350	400
Automated Dispensing System	20	40
Automated Dispensing System Renewal	20	35

# CATEGORY DETAIL

## EXPENDITURES BY CATEGORY—GOVERNOR’S FY 2022 RECOMMENDATION



Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 1,472,022	39.5 %	\$ 0	-- %
Contractual Services	2,128,048	57.1	0	--
Commodities	61,976	1.7	0	--
Capital Outlay	64,000	1.7	0	--
Other Assistance	0	0.0	0	--
<b>TOTAL</b>	<b>\$ 3,726,046</b>	<b>100.0 %</b>	<b>\$ 0</b>	<b>100.0 %</b>

**FTE POSITIONS BY PROGRAM FY 2020 – FY 2023**

<u>Program</u>	<u>Actual FY 2020</u>	<u>Agency Est. FY 2021</u>	<u>Gov. Rec. FY 2021</u>	<u>Agency Req. FY 2022</u>	<u>Gov. Rec. FY 2022</u>	<u>Agency Req. FY 2023</u>	<u>Gov. Rec. FY 2023</u>
Administration	18.0	18.0	18.0	18.0	19.0	15.0	19.0

*(Note: For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.)*