



To: Paula Meyer
From: Sofia Aragon, WCN Executive Director
Re: August 20th memo to WCN regarding withholding of additional surcharge funds collected by the Nursing Commission
Date: September 9, 2019

Dear Paula-

I am writing in response to your memo dated August 20th. First, I appreciate the extended due date for Deliverable 1.3, which is the first written report of the MDS data collected through NCSBN e-notify and the WA specific ethnic data. The new due date of December 31, 2019 will compensate for delay of analysis due to the IRB approval process and the additional time needed for UW to work with Mary Sue Gorski to obtain the data due to the quality of the data collected.

Second, I appreciate you providing the projected surcharge income for the 2019-2020 fiscal year of July 1 through June 30th. As we discussed, this information was not provided by the previous contract manager during almost a four- year time span. As you know, this created difficulties for WCN when preparing yearly budgets and contributed to larger than anticipated reserves.

Finally, I appreciate receiving a disbursement of funds in the amount of \$137,600.00 on August 21st, 2019 for satisfaction of contract terms.

On another topic, I would like to discuss the following information from your memo. I'm sharing my understanding below so that you have it before we talk. If you have a different point of view, can you please send it to me before we meet so I can be up to date when we talk.

I'm confused about the withholding of \$32,042 of surcharge funds by the Commission. Can you help me understand how it is consistent with RCW 18.29.202, DOH procedure G01.04 and contract terms in CBO23449? This is surcharge amount collected above the estimated \$550,400 amount for one year of the WCN contract (CBO23449) plus 8% withheld by the Nursing Commission for reasonable costs associated with the collection and distribution of the surcharge and administration of the grant as provided in RCW 18.79.202(3). As you know the \$550,400 is an estimate only, made by WCN, based on records of surcharge amount received in previous years. My reading of RCW 18.29.202 does not provide the Department of Health authority to withhold surcharge funds beyond reasonable costs associated with the collection and distribution of the surcharge and administration of the grant.

DOH Procedure G01.04 entitled Washington Center for Nursing, Disbursement of Funds requires the Nursing Commission to provide the WA Center for Nursing Executive Director the projected surcharge income for same fiscal year, an allotment for the account, estimated quarterly payments, and processes used to adjust disbursements if collected surcharges differ from projected amounts. Your

memo dated August 20th states that “the grant amount for FY 2020 adequately represents the anticipated projected revenue to be received,” and therefore is withholding the funds. Can you help me understand how the estimated grant amount of \$550,400 for FY 2020 can be considered qualifying anticipated projected revenue since the NCQAC did not provide anticipated projected revenue during development of CBO23449?

Second, the memo states that, “DOH and NCQAC request the WCN to provide an acceptable plan to spend the excess funds in FY 2020 while maintaining a reserve operating fund below the acceptable balance of 50% or six month’s worth of the annual amount allocated.” Deliverable 8.1 of CBO23449 states that “WCN to propose for inclusion in to the statement of work additional deliverables consistent with RCW 18.79.202(2) to reduce any uncommitted funds in the reserve account by June 30, 2019. WCN is to invite ideas from the NCQAC in developing the proposal. The goal is an amount reflected in a six month operating reserve amount or 50% of the annual amount allocated to the Contractor, whichever is greater.” The memo assumes that \$32,042 exceeds 50% or six month’s worth of annual amount. The NCQAC received the 4th Quarter report from Theresa Berry on July 31st. The report states that WCN currently has \$255,695.89 in reserves. \$19,504.11, a portion of \$32,042, added to the \$255,695.89 totaling \$275,200.00 would amount to 50% or six months worth of funds based on an annual estimated budget of \$550,400. A smaller portion of the additional surcharge, \$12,537.89 is an amount over a 50% or six months worth of funds.

Can we meet to discuss the decision to withhold surcharge funds? As you recall from previous discussions, the parties were willing to have a more thorough discussion of whether NCQAC’s role of WCN contract monitor puts the Commission at risk for conflict of interest. I would also like to discuss what the approach of withholding surcharge funds quarterly is attempting to address.

I sincerely wish to have a positive relationship with the NCQAC as a key stakeholder in the nursing community. I also believe that it is in the best interest of the State of Washington that the WCN be supported in successfully addressing nursing workforce challenges.

I look forward to discussing this issue with you further.

Sofia Aragon, JD, BSN, RN



Executive Director