



NOTES TO THE PROPOSED 2019 BUDGET September 20, 2018

CONFIDENTIAL

The proposed 2019 budget is described here, with the spreadsheet attached. Compared to 2018, there will be significant changes in how WCN is required to report deliverables under the Department of Health (DOH) contract and has already resulted in an increase in administrative workload. In addition, WCN secured a matching grant from Robert Wood Johnson Foundation (RWJF) that supports the Program Manager position from March of 2018 through March of 2019. The additional staffing resulted in positive outcomes for *Action Now!* and is needed to be successful for WCN's efforts in health equity and diversity. Ongoing investments for nurse supply and demand data analysis are needed. Finally, the proposed budget captures inflationary adjustments and other changes to better reflect actual anticipated expenses for 2019.

Trends in the Department of Health surcharge revenue: stable, appears to be increasing

We have adjusted anticipated DOH surcharge funds to assume \$565,000 for 2019. This is a result of reviewing the last five years of surcharge that resulted in increased revenue \$557,000 in 2016 to \$584,000 in 2017.

Fundraising/Voluntary Contributions:

For 2016, we set a goal of \$15,000 and achieved \$13,000. For 2017, we set a goal of \$15,000 and introduced Hats Off to Nurses. Voluntary contributions from individual board members and organizations represented on the board, plus Hats Off amounted to \$18,985.94 for 2017. For the first time in several years, we reached our fundraising goal. The goal for 2018 is \$20,000. To date, we have received \$10,344.68. WCN manages funds to support *Action Now!*, which currently amounts to \$31,782.43. *Action Now!* set a goal of \$25,000 in fundraising for the event. To date, \$18,196.40 has been raised for the *Action Now!* Solutions Summit. Our goal amount for 2019 is \$20,000.

Grants: WCN applied for grants for additional funding for 2016, 2017, and 2018. The Leadership WA Nursing Action Coalition (Leadership WNAC) secured an Enhancing Dissemination of Robert Wood Johnson Foundation Public Health Nurse Leader Projects. Yearlong funding in the amount of \$80,000 with a match from WCN of \$80,000 supports a full time Program Manager position to further activities related to equity. As an additional benefit, this position is also supporting *Action Now!* in key areas of supporting the Action Now! leadership team meetings, fundraising, *Action Now!* Solutions Summit funding. To sustain this position, the WCN will need to develop new funding sources for April of 2019.

Increased costs

- Increased legal fees from \$3,000 to \$8,000 due to DOH contract
- Increased legal fees due to renegotiation of the DOH contract to WCN for the use of surcharge fees and other legal issues resulting from WCN and Nursing Commission activities.
- The WCN office lease will increase 3% for 2019 and will do so for each year through the end of the lease period in 2020. No other contract changes were made.
- IT Support should increase by 4% average for 2019.

- Due and subscription costs will increase approximately \$1000 for the ED to attend a Board Source conference in in 2019.
- Increased travel costs are expected to be 5%, consistent with inflation in the travel industry.
- Accounting fee increase for bookkeeping and yearly audient should increase averaging 3%.
- We expect consulting and contracts to increase by \$23,000 for future projects such as data analysis for a total of \$73,000. This is an increase of \$23,000 from the 2017 consulting budget of \$50,000.

Investment of Accumulated Savings and major issues affecting the budget for 2019

- As the WCN has accumulated savings and a healthy six-month reserve prior to 2017, we are able to invest in an RN supply data sample survey by the University of WA Center for Health Workforce Studies (CHWS) for 2018. Using a pre-existing survey created by the National Forum of Nursing Workforce Centers, in combination with the scheduled deliverable of snapshots of LPN, RN, and ARNP licensees in 2018, this created cost efficiencies. The Nursing Commission passed a rule that requires licensees to complete a survey through NCSBN's Nursys e-notify system starting January 1, 2018. A full dataset for analysis will not be available until 2019. Cost estimates by the CHWS is \$50,000 to analyze one year's worth of data.
- WCN's support of CNEWS is increased this year due to the *Action Now!* initiative. Regular high turn-over of faculty also contributed to increased workload.
- Proposed changes in staff compensation. A COLA for all staff is proposed at 3.1% based on the Consumer Price Index for the Seattle area. The WCN is working with 501 Commons to develop a compensation philosophy to guide staff compensation moving forward.
- All staff is proposed to be maintained at 1.0 FTE.
- Intensive discussions with the Nursing Commission on the WCN contract has resulted in increased administrative effort as well as legal expenses.
- We may see some changes in program allocations based on strategic directions by the WCN Board.

Expenses:

Expense distribution goals will not change for 2019. There may be changes as a result of new DOH contract:

Program 85% of expenses. A portion of salaries is allocated to program. For example, a portion of the ED'S salary is allocated to the diversity mentorship program.

Administrative 10% expenses. This includes costs for bookkeeping, audit, and payroll fees not associated with salaries (e.g. administration of a 401K plan)

Fundraising 2% expenses. This is fundraising for general operations, not the programs.

Compensation:

- All compensation and associated taxes and fees are listed in the spreadsheet. A nonprofit survey as our benchmark for compensation, the WCN's goal is to consider cost of living in the Seattle area in making compensation changes.
- 3.1% COLA is proposed across the board
- Nursing expertise in the form of consultant contracts continuing: *Action Now!*, nursing workforce surveys

Margin:

Previously, WCN routinely held a margin of \$10,000 each year. This resulted in savings through 2017. Due to a disincentive in the DOH contract for a surplus account exceeded 6 months of operating revenue, a continued margin of \$10,000 is not recommended for 2019.

Potential changes in operating reserve

Savings in 2015-2017 created a healthy reserve, should we have a negative financial episode. The reserve account can currently support 5.8 months of operations. Staffing levels have increased due to increased demand for WCN services, particularly in providing convening groups such as *Action Now!*, an ongoing Diversity Advisory Committee, legal issues related to changes in the Nursing Commission and DOH's monitoring of the WCN contract, and unforeseen opportunities that arise within the scope of a year that is related to WCN's mission and statutory authority. Allocations to various programs will change to reflect WCN strategic decisions throughout the budget cycle. If the proposed budget was fully expended for 2019, reserve levels may change.

Further discussions are needed with regards to how to sustain the following key projects:

- Additional *Action Now!* activities in 2019 and beyond
- Equity in nursing efforts
- Funding for UW analysis of NCQAC data gathering after 2019. Data analysis and reporting in 2019 should inform required investments for subsequent years.
- Continued need for board recruitment and development.
- Continued need for fundraising efforts. WCN has an opportunity to celebrate WCN's 15th anniversary and achievements in supply and demand data, engagement in national initiatives, and health equity.
- Other areas of exploration: surcharge fee level and *Action Now!* legislative package currently in development.

My recommendation is that the Finance Committee approves the budget proposal for 2018. The last scheduled WCN Board of directors meeting is scheduled for November 27, 2018.

I welcome your feedback, comments, and ideas.

Sincerely,

Sofia Aragon, JD, BSN, RN
Executive Director