



NOTES TO THE PROPOSED 2019 BUDGET

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 DOH contract and has already resulted in an increase in administrative workload. In addition, WCN secured a matching grant from 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. 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 plus Hats Off amounted to \$18,985.94 for 2017. Major contributors such as the WSNA and UFCW contributed \$5,000 each, allowing us to come within \$1000 of the 2017 goal. The goal for 2018 is \$20,000. To date, we have received \$22,791, which \$17,596 has been raised for the Action Now Summit. Our goal amount of dollars for 2019 is \$20,000.

Grants: WCN applied for grants for additional funding for 2016, 2017, and 2018. The Leadership WA Nursing Action Coalition secured an Enhancing Dissemination of Robert Wood Johnson Foundation Public Health Nurse Leader Projects. Funding in the amount of \$80,000 (term of the grant) 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/Nursing Education 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 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 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 data and projects for a total of \$73,000. In 2018 our 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 for 2018. Using a pre-existing survey created by the National Forum of Nursing Workforce Centers and combination with the scheduled deliverable of snapshots of LPN, RN, and ARNP licensees in 2018 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 University of WA Center for Health Workforce Studies is \$50,000 to analyze one year's worth of data.
- While CNEWS communicates a need to revisit future staff needs, WCN support of CNEWS continues, particularly support for the Action Now Initiative. Regular high turn-over of faculty should also result in continued support by WCN of CNEWS.
- 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 will be maintained at 1.0 FTE.
- Intensive discussions with the Nursing Commission on the WCN contract has resulted in increased administrative effort and 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:

- The margin for FY 2018 remains at \$10,000.

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, a new deliverable to explore engagement in the Nurses on Boards initiative, , in 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 stator 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, operating reserve levels may change.

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

- Additional staff for Action Now
- 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. 2019 is an opportunity to celebrate WCN's 15th anniversary. Focus on results of supply data activities and diversity activities.
- 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 30, 2018.

I welcome your feedback, comments, and ideas.

Sincerely,

Sofia Aragon, JD, BSN, RN
Executive Director