



**NOTES TO THE PROPOSED 2021 BUDGET  
September 11, 2020**

**CONFIDENTIAL**

The proposed 2021 budget is described here, with the spreadsheet attached. Despite the challenges of 2020 involving the DOH-NCQAC contract, WCN is in solid financial position. Through a facilitated discussion, WCN is discussing with NCQAC and DOH the goal of improved processes for future contracts.

- In May of this year, NCQAC decided to allow the WCN contract to expire on June 30<sup>th</sup>. Thanks to the work of WCN Board members, WCN now has a contract extension with DOH overseeing the contract through June 30, 2021
- COVID-19 emergency measures allowed nurses to delay license renew between April 1, 2020 through September 2020. This has the potential to delay surcharge disbursement to the WCN. As a result, this justified WCN's application for a low interest loan (and potential grant) from Paycheck Protection Act funds under the Federal CARES Act. This provides two and half months of payroll expenses.
- COVID-19 resulted in savings due to halted or decreased routine activities. Due to a lockdown and other precautions, we were unable to engage in an audit to review fiscal year 2019. In addition, cancellation of routine yearly events such as conferences resulted in significant savings.
- The uncertainty of the future of NCQAC prevented WCN from signing a contract extension with the UW Center for Health Workforce Studies. The DOH is asking the WCN to conduct a study on the impact of COVID-19 on the nursing workforce.

In addition, WCN received a \$113,520 grant in 2019 from the Premera Foundation to expand the *So You Want to be a Professor* workshops. These workshops encourage underrepresented nursing students and practicing nurses to consider a career in nursing education. Because of COVID-19, the workshop was restructured into a one day online zoom workshop. The workshop successfully met grant goals and we are optimistic that we will receive a renewal of the grant. She should know by December whether we will receive a renewal of the grant for 2021.

WCN plays a key role in objective data collection and analysis. DOH included in the contract extension a study on the impact of COVID-19 on the nursing workforce in addition to a repeat nurse supply and demand data analysis. Many previous studies should be considered for a repeat such as the student diversity survey, nurse faculty survey, and others. The budget sets aside funds for increased research capacity in 2020. This increased capacity may take the form of a contract with a university, consulting, or a one-year staff contract. Staff is not only needed to perform analysis, but to create a research agenda for WCN and to communicate this work to DOH and key stakeholders.

Finally, the proposed budget captures inflationary adjustments, and other changes to better reflect actual anticipated expenses for 2021.

**Forecast for Department of Health surcharge fee amount**

As of September 11<sup>th</sup>, we have not received a projection of surcharge funds for 2021. Typically, these projections are provided in August. DOH staff have provided rough estimates verbally. Potentially \$50,000 in

additional surcharge revenue will be available due to an increase in licenses due resulting from COVID-19 response. The WCN will be asked justification for the use of these funds. Additional staffing or consulting to carry out the COVID-19 study and collaboration towards the “Critical Gaps” effort will need considerable resources.

**Fundraising and Voluntary Contributions:**

For 2020, we set a goal of \$20,000 and have raised \$712 to date. As you recall, we suspended plans for a WCN Nurses Week fundraising event emphasizing self-care for nurses at Salty’s on Alki. Due to COVID-19, we opted to cancel the event and hold a date in May 2021 to avoid forfeiting a deposit. Instead, we produced a series of videos for nurses promoting self-care and mental health. After distributing the video to state and national partners, we received many complements and other organizations have shared our video to their audiences such as the Colorado Center for Nursing Excellence. The WCN has reached fundraising goals each year since 2017. The goal for 2021 will be held at is \$20,000.

**Grants:** WCN applied for and received \$92,892 of Paycheck Protection loan dollars under the federal CARES Act. This will cover payroll staff salaries for a two and a half months period in 2020. These dollars were justified due to the uncertainty of revenue between April 1 through September 30<sup>th</sup>. As a result of statewide emergency orders, nurses had the option of delaying payment for license renewal during that time period. The interest rate is 1%. These loans are typically forgiven and have the effect of a grant instead of a loan if requirements are met.

**Major issues affecting the budget for 2021**

- The nature of WCN involvement and resources needed to engage in NCQAC Critical Gaps project for 2021
- Cost for additional facilitated sessions needed with DOH and NCQAC
- New and ongoing research capacity, including a study on the impact of COVID-19 on the nursing workforce.
- Downsizing office space. The transition to telecommuting by three WCN staff due to COVID-19 resulted in exploring less costly office space. This is also an opportunity to avoid potential foreseeable costs in not being able to commit to a 5- year lease starting in 2021. Current proposals show moving costs can be absorbed by savings due to reduced rent.

**Expenses:**

Expense distribution goals will not change for 2020. 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 1% increase on the base salary for staff. This is consistent with the Compensation Philosophy which takes into account performance. The level of activity for staff in 2020 has increased due to DOH contract challenges

- The WCN provides health benefits for employees who opt-in. In Lieu of Benefits offered to those staff are applied to the cost of obtaining health care coverage.
- The Finance and Operations Association position has been reduced to .8 FTE by request and the Program Manager position is maintained at .8FTE for 2021.

**Margin:**

The proposed budget spends \$2,935 more than grant and surcharge revenue. \$53,000 is the amount of saving accumulated in 2020. We routinely strive for a savings of \$10,000 per year. The NCQAC's withholding of \$13,448 for the NEPIN deliverable is a major reason we cannot propose this routine savings for 2021.

**Potential changes in operating reserve**

2020 demonstrates the critical role of a reserve fund as the WCN had not received disbursements from the DOH for period between December 31, 2019 to August 30, 2020. WCN's practice of assuring a level of funding to support at least two quarters of operations and savings resulting in reduced activities due to COVID-19 allowed us to operate at normal staffing levels. Activities for WCN since the COVID-19 crisis have been intense and full staffing levels were needed to accomplish our activities. As of the date of this memo, the reserve account can currently support 4.39 months of operations.

Further discussions are needed with regards to the following:

- Continued need for board recruitment and development.
- Revising fundraising efforts as a nonprofit organization based on lessons learned from COVID-19.
- We may see some changes in program allocations based on strategic directions by the WCN Board.

My recommendation is that the Finance Committee approves the budget proposal for 2021. The last scheduled WCN Board of directors meeting is scheduled for December 4th, 2020.

I welcome your feedback, comments, and ideas.

Sincerely,

Sofia Aragon, JD, BSN, RN  
Executive Director