

TENNESSEE BOARD OF NURSING
 227 French Landing, Mockingbird Room
 Heritage Place, Metro Center
 Nashville, TN 37243
 March 19, 2009

MINUTES

Call to Order	Cheryl Stegbauer, Chairperson called the Finance Committee meeting to order at 1:00 p.m.
Roll Call/Declaration of a quorum	The Chairperson declared a quorum present.
Members Present	Cheryl Stegbauer, A.P.N., Chairperson Marilyn Dubree, R.N. Kathleen Harkey, Consumer Member Carol Thompson, A.P.N., board member guest
Members Absent	Judy Messick, L.P.N.
Staff Present	Elizabeth Lund, Executive Director Elizabeth Miller, HRB Director Alison Cleaves, Deputy General Counsel Joan Harper, Administrative Manager
Guests	Ann Duncan, Executive Director, TCN Sharon Adkins, Treasurer, TCN Elaine Eaton, Manager TnPAP
Purpose/Charge	Dr. Stegbauer articulated the purpose and charge of the Finance Committee. The Board of Nursing's purpose is to protect the public by meeting its statutory responsibilities. As an instrument of the Board, it is the Finance Committee's purpose to assist the Board in meeting its fiduciary responsibility by reviewing financial reports and making recommendations. The Committee today will study past and current financial reports and trends, consider financial assumptions, hear legal advice and make a recommendation regarding entering into a non-competitive contract with the Tennessee Professional Assistance Program and amending its contract with the Tennessee Center for Nursing.

Financial Reports	<p>Dr. Stegbauer announced that she had reviewed and discussed with Department representatives the financial reports contained in the Board book and the trend is still running a deficit.</p> <p>Grand total revenue actual 6/30/08 equaled \$4,674,780.46. Expenses equaled \$4,846,634.94. A percentage of board funds were transferred to the State's general fund based on a provision of the State Appropriations Act. The cumulative balance was adjusted by \$835,001 resulting in an adjusted balance of \$119,142.17. Calendar year revenue from licensure fees for 2008 totals \$4,444,920.</p>
<p>Legal Questions-Is it considered a "deficit" for accounting/auditing purposes when a Board's expenditures exceed revenues, but there are sufficient funds in "surplus" to cover the "deficit"?</p> <p>What would likely happen if the Board did not increase fees/reduce expenses such that the Board continued in a deficit?</p>	<p>Board attorney Alison Cleaves responded to the legal questions. Yes, it is considered a deficit when board expenditures exceed revenues regardless of any surplus. Boards are reviewed for self sufficiency yearly. The BON's current term expires June 30, 2010. The Government Operations Committee will look at the whole program for fiscal responsibility. Rarely has a board been terminated. The board could go into wind down for one year when it would be expected to wind down its affairs prior to termination.</p>
Finance Committee Booklet/Financial Reports	<p>The committee members reviewed and clarified their understanding of the following documents: FY 2006-2008 Financial Reports, Report of Cumulative and Adjusted Balance 6/30/08, Board of Nursing Finances Summary, Object Codes, Executive Director's Report re Request for Information, NCSBN Member Board Profile re Renewal Fees, Timeline Biennial Renewal Fees—1982-Present, Summary of Revenue Calendar Yr. 2008, Tennessee Professional Assistance Program Report re Protection of the Public, Tennessee Center for Nursing Report re Protecting the Public, TCN Amended Budget Request, TCN Income, Finance Committee Questions, BON Revenue/Expenditure Narrative and Renewal Schedule/Fee Increase.</p>
Discussion	The chairman asked Elaine Eaton to describe a

	<p>budget scenario that includes 5, 10, 15 and 20% cuts to the TnPAP budget. Ms. Eaton described that a 5% cut would lead to the loss of one position, a 10% cut would involve one position cut plus cut all travel (which has decreased significantly with the online course), a 15 % cut would in addition to the above lead to 12 days of office closed/employee furlough and a 20% cut would result in closing the office two days per month/furlough staff 24 days per year. The \$70,000 increase in the contract in 08 added one position and upgraded another. Ms. Eaton stressed the program’s willingness to do whatever the Board needs it to do for its part in this tough economic environment.</p> <p>TCN submitted an amended budget that represents a 25% cut (\$507,692 to \$382,917). TCN was commended for submitting a much reduced budget amount.</p>
<p>Legal Question: Is the BON mandated to support the Tennessee Center for Nursing?</p>	<p>TCN suggested that the BON has a legislative mandate within the powers and duties of the board to support TCN.</p> <p>Alison Cleaves explained that it is not a mandate, not a “shall” in the statute, but a “may.” The board has authority to enter into a contract/grant.</p>
<p>Can TCN be self sustaining?</p>	<p>Not all BONs support centers; the numbers are not large. TCN generates lots of grants. The chairman asked if these grants include funding for salaries/fees. Why or why not? Ms. Duncan responded “no”, except for a small amount to support Lois Wagner’s salary. She stated that the TCN “sustainability plan established with the BON to get the statute amended to allow the BON to support TCN. The TCN may become more self-sufficient if the TCN board wants to consider (this).” Dr. Stegbauer expressed her confusion that the “TCN board dictates how you consider what you do, not the BON that funds TCN. It appears external—very external to the BON—the Board of TCN drives the train, not the BON that funds it.” Duncan responded that TCN had BON members serve as TCN board members until</p>

	<p>one year ago when OGC determined it to be a conflict. Duncan explained that TCN is a 501(3)(c) non profit that must have a board separate from the BON. The BON determines the scope of services and TCN fulfills the scope of services. “If you want to modify the scope of services that is ok. TCN will continue to seek outside funding to provide safe, quality care to all citizens.” Stegbauer noted that there are other things TCN does that are a neutral platform that, though good, do not have anything to do with the board. Stegbauer asked if the BON could say we need this, this and this and Duncan answered that the TCN board would need to agree. Stegbauer remarked that “I feel a disconnect. It feels to me that you are saying that the TCN BOD must approve (activities). The BON must set the priorities.”</p> <p>Elizabeth Lund spoke to her concern that though TCN had been asked October 3, 2008 to prepare a school report for the February BON meeting and was told the report would be available as late as one week before the meeting; the report was not made available for the BON to use for its annual approval of schools of nursing.</p>
Options for Handling the Deficit	Board staff outlined options for the board to consider: reduce the dollar amount of contract(s), increase fees to support contracts or a combination of both.
Discussion	<p>After discussion of fees set aside specifically for peer assistance, roadblocks for the nurse to assume greater costs for recovery and efficiencies in the TnPAP program, the board decided that not contracting with TnPAP is not on the plate.</p> <p>The TCN contract proposal offered a 25% reduction to \$382,917 per year. The board needs to know how other states fund their centers. Only three are funded by the state’s BON. It’s difficult to not fund for the next year, but TCN needs to look at what possibilities there are for generating revenue. The board also suggests certain types of research that could inform the BON differently and shows value to the board. As an example, a recent</p>

	<p>AJN article on recidivism is what is needed in this state. Duncan reminded the board that TCN is conducting two studies for the board, transition to work and a new supply and demand study. Dubree observed a sense there is a portion of the scope of service requested by the board and other portions requested by other partners. There are lots of things happening and limited resources. The BON must consider its core work, what is required by regulation or what the BON asks to be done. The center is launched out of this board and though it must have a free standing board, it must come together with the BON. The partnership needs to be crafted to meet the needs of both. Studies from previous years may not be as important now. How does the BON avoid a conflict of interest? Alison Cleaves, legal counsel for the board, stated that the board would want to define what is done under the contract, under the scope of services. Harkey asked about oversight and asked if external groups could do what TCN does. What are we getting from TCN that we cannot get from anywhere else?</p>
<p>Fee Increase</p>	<p>Elizabeth Miller reported that other HRB have periodically had to increase fees. Carol Thompson pointed out that APNs have more recently than RNs and LPNs had fees increased and must pay both RN and APN fees. Sharon Adkins, TCN treasurer, recommended the board consider a substantial fee increase which is more palatable than more frequent smaller increases. Dubree stated she would prefer her legacy as a board member to be to do the work of the board really well. It is under resourced—she can hear the work that needs to be done—requires lots of staff support and partner resources. The board discussed the importance of asking that both vendors continue to be prudent and good stewards and considered a fee increase to continue work that needs to be done, redefine what needs to be done and pay only for what the board wants. The board considered various fee schedule scenarios, including different level of fees for LPNs and RNs, but ruled out that possibility based on the same costs to provide licensure services for both professions.</p>

<p>Recommendations</p>	<p>M. Dubree moved and seconded by K. Harkey to recommend to the full board a \$25 increase in both RN and LPN renewal fees, a five-year contract, renewable each year with TnPAP at the requested amount (\$581,489 per year) and amend the current contract with TCN for one-year (\$382,917). Additionally, K. Harkey made a motion that was seconded by M. Dubree for the Finance Committee to conceptualize an ongoing review/revision of the tasks (scope of services) outlined in the TCN contract. The committee requested legal counsel to advise on the appropriate interface between the BON and the TCN Board in view of TCN's non profit status--i.e. appropriate boundaries, need for understanding by both boards of the proper relationship, consistent goals. Further, the Committee will monitor the contracts of both TnPAP and TCN to ensure that both adopt efficiencies and best practices. TCN was advised to look externally at other models for self sufficiency.</p>
<p>Adjournment</p>	<p>3:50 p.m.</p>
<p>Cheryl Stegbauer, Chairman</p>	
<p>Elizabeth Lund, Executive Director</p>	