Past Event: 2026 NCSBN Annual Meeting – Finance Committee Forum Video Transcript

Event
2026 NCSBN Annual Meeting

More info: https://www.ncsbn.org/past-event/2026-annual-meeting

Presenter
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So you have a well-qualified and experienced Finance Committee member, and I would like the members to stand as I call your names so you can recognize them. Jeremy Cummins, Mississippi. Donald Bucher, Pennsylvania. Philip Petty, Arkansas. Michael Starchman, Oklahoma.

And Dan Li from Canada. Thank you. We are led by our, if you've not met her, CFO Sally Beach, that's here with me on the stage. And our team has a combined experience of 3 CPAs, 18 degrees, and 202 years of experience. And I can tell you, I'm so proud of this committee.

It's heavy lift. It's a lot of work. And they do a tremendous job, and they're very inquisitive, which is exactly what you want on a Finance Committee, so thank you for that. We provide oversight across major financial activities, reviewing annual budgets, monitoring revenue and expenses, guiding financial reporting process, partnering with our independent audit firm, and offering investment and policy recommendations to the Board.

Our focus is to ensure that NCSBN has financial strength to support the strategic priorities that enable you, our members, to fulfill your mandate of public protection. Delegates, all of you, set the strategic initiatives, and all the tactics then stem from those decisions. Department chiefs present their budgets to the CEO based on the operational and resource needs required to carry out those tactics.

The Finance Committee ensures we have the funding necessary to execute those plans and uphold the public protection mandates and support NCSBN's leadership and regulatory excellence. In Fiscal Year '25, income came from these sources: 71% from NCLEX in the U.S., 5% from NCLEX in Canada, 6% from Nursys license verification fees, 3% from investment earnings, and 14% came from financial reserves because of our operating deficit.

Drawing from reserves to support operations not only weakens long-term financial stability, but it also eliminates the investment income those reserves would have otherwise generated. In terms of expenses, it makes sense that NCLEX remains the largest expense at 66%.

Information technology is 12%, program services 11%, and those include key activities such as committee work, research initiatives, support for the NLC, and the ICRS program. Supporting services are 9% and include functions such as governance, marketing, advocacy, finance, and HR, and nurses and ORBs together represent about 1%.

In summary, program revenue has remained stable, operating expenses are well-controlled. NCSBN continues to maintain strong internal controls and received an unqualified audit opinion, known as a clean opinion, that the financial statements present fairly, in all material respects, the financial position of the organization.

You can find this report starting on page 255 of the Business Book. Analysis of balance sheet, financial trends, and projections confirms that a recurring operating deficit, though, is not sustainable. We are asking delegates to vote to adjust the NCLEX fee to support the long-term financial stability of NCSBN. The NCLEX fee remained unchanged from its launch in 1983 until the year 2000.

In 2020, the Finance Committee recommended an increase, but the Board felt the timing wasn't right, partly due to the pandemic. The recommendation came again in 2022 and again this past year. After decades without an increase, maintaining the same fee is no longer viable.

The primary economic reality facing our financial position is inflation. Since 2000, our buying power has dropped by 50%. This is something we all understand from managing our personal and state budgets. The cost of goods and services, technology, salaries, benefits, professional services, all of it, continue to rise over time.

Just as all of you face higher costs to maintain the same level of service, NCSBN experiences those same pressures, all while innovating and adding more products and services. We cannot continue to have increases year after year with a revenue that remains relatively unchanged. Operating costs continue to outpace revenue, resulting in a deficit that is not realistic.

At our midyear meeting in March, Phil explained that the same $200 fee from the year 2000 adjusted for simple inflation would have been $373 this past March. He also noted that today's $200 NCLEX fee essentially would have equaled $109 back in the year 2000. Just a few months later, that inflation-adjusted number has already risen to $389.

Freezing the fee for 26 years did not...because of the increase took effect in 2021, didn't freeze time, and it certainly didn't protect us from the impact of inflation. The cost of our mission has fundamentally increased. It cost more to protect the public today than it did 26 years ago.

The cost of protecting our systems has climbed. You heard Phil and Phyllis both talk about that. The cybersecurity and fraud prevention, technology infrastructure, and skilled people who support it. Cybersecurity insurance alone has risen 127%. These costs are essential to maintaining NCSBN's operational integrity and regulatory leadership.

Expectations have also changed. What once was simple is now complex. Boards and candidates expect systems that are always on, intuitive, and responsive. These aren't operational features. They are baseline expectations. And while no one notices when systems work perfectly, any disruption is immediate and highly visible.

Meeting today's expectation requires continuous investment, not just maintenance, but ongoing upgrades in technology, people, processes, and oversight. This table shows clearly why a fee increase is justified. NCSBN now operates in a much more complex environment, higher regulatory demands, broader stakeholder needs, deeper technology layers, and greater risk.

Managing this complexity requires skilled people, strong governance, and tight coordination across teams and vendors. And importantly, complexity raises cost. It also raises the consequences of underfunding this work. Adjusting the fee now ensures we can continue to deliver safe, reliable, and high-quality systems to our members and candidates who depend on it.

We manage costs by staying focused on essential priorities, optimizing our resources, and making deliberate, data-informed decisions to protect efficiency without compromising our mission. Over the past year, these efforts have reduced expenses by $7 million. But simply put, there's no practical way to cut costs further without cutting services.

It's not just NCLEX. Public protection requires constant innovation. This slide reflects the substantial progress achieved over the last 26 years. Every improvement began as an innovative idea and is now vital to our daily operations. NCSBN has absorbed the cost of all this innovation while keeping the NCLEX fee unchanged.

That makes the progress we've made even more impressive. And truly, none of it would have been possible without our volunteers and our remarkable NCSBN team. Your dedication, compassion, and unwavering commitment are the heartbeat of our progress, driving innovation and strengthening public protection year after year.

I invite you to join me in applauding the incredible NCSBN staff for everything they do. Thank you. NCSBN delivers the world's premier exam for the most trusted profession. Our present and future advancements, and rigor, and sophistication surpass what the current fee reflects.

On Friday morning, you'll be asked to vote to adjust the NCLEX fee in the U.S. to $350 and the NCLEX in Canada to $570 Canadian effective February 2027. The Board believes the recommended fee appropriately accounts for inflation, reduces operating deficits, strengthens our ability to manage market shifts within established risk frameworks, and strengthens our long-term financial position.

The recommended fee will provide financial stability for at least five years. The Board also approved a policy that defines objective criteria and a predictable schedule for evaluating the NCLEX fee, with the next fee adjustment not occurring until 2031, and then every five years thereafter it will be reviewed.

Take a look at the exam fees across other professions. Nursing remains the lowest exam among all health professions, even with the fee adjustment. As leaders in public protection, we must decide whether the current fee truly supports the quality, security, innovation our stakeholders expect and whether it positions nursing where it needs to be for the future.

We must act now to sustain our mission and build on the innovations of the past 26 years and those still ahead because the moment between a nurse and a patient is simply too vital to the health and well-being of the world. NCSBN is in good hands with an expert CFO, Director of Finance, Chief, CEO, and Board of Directors and Finance Committee who all work in synergy to monitor the financial health of this organization so we can lead regulatory excellence worldwide while ensuring sustainability of this organization.

I want to again thank CFO Sally Beach and her entire Finance Department team members for their knowledge, expertise, professionalism, and work ethic. And we now have a few minutes for questions. Thank you.