

CREATING A CAPITAL BUDGET

Dr. Kirsten Woodend



LEARNING OUTCOME

Understand the capital budget development process for a nursing or clinical department

CAPITAL BUDGETS

Capital equipment

- Cost > \$1000
- Lifespan 3-5 years

Capital projects

- Building expansions
- Infrastructure replacement or improvement

EQUIPMENT PURCHASE - REASONS

Required by regulation
or accreditation

Replace existing
equipment

New equipment needed
for a new function

DEVELOPING A CAPITAL BUDGET

Should include short and long range plans for equipment

- Requires the preparation of a capital equipment inventory
- Age, condition, life expectancy

Should develop a three-year capital equipment plan

- List equipment purchases in order of priority

Plan should include:

- Cost of inflation
- Contingency factor for unexpected replacement of equipment

CAPITAL BUDGET - EXAMPLE

| Item | Justification | Cost |
|---|--|-----------|
| Baxter minor miracle infusion pumps (n = 25) | Better (more accurate and reliable) infusion therapy | \$37,500 |
| BD Pyxis Medstation ES, Automated Dispensing system | Fewer errors and need for repair | \$115,000 |
| Upgraded computers for nursing station (4) | Consistent with new EMR system | \$8,000 |
| Renovation of nurse's lounge | Improve staff morale | \$120,000 |
| | | \$243,000 |

PRODUCT EVALUATION & TECHNOLOGY ASSESSMENT

Nurses should be part of these committees

Some of the questions that should be raised include:

- Is the requested product an improvement over the product currently used (clinical relevance)?
- Does the new product fill a real clinical need?
- Is the cost more or less than the product currently used?
- Are any additional charges for product improvements worth the cost?
- Does the new product offer better safety features to patients or staff?
- What staff education will be required if the new product is adopted and how much will that cost?

CAPITAL PROJECTS

Include renovations to existing buildings or the construction of new buildings

Nurse managers are not usually involved in the preparation of cost estimates for capital projects

They may (and often should be) members of planning or user groups

© 2010 by Randy Glasbergen.
www.glasbergen.com



**“My computer at work is so old,
the keyboard only has dots and dashes.”**