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## FISCAL IMPACT REPORT

SPONSOR: Townsend                      DATE TYPED: 03/04/03    HB 385/aSEC

SHORT TITLE: San Juan College Nursing Education Program    SB \_\_\_\_\_

ANALYST: Williams

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$375.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SB 460

**Relates to**

- HB 255: WNMU Nursing
- HB 376: Nursing Excellence Program
- HB 476: UNM Nursing
- HB 550: Statewide Nursing Facility Staff Support
- HB 740: NM Nursing Education
- SB 94: NMSU Nursing
- SB 186: Nurse Licensure Compact
- SB 291: Nursing Education
- SB 458: Expand San Juan College Nursing Program

**SOURCES OF INFORMATION**

- LFC Files
- Commission on Higher Education (CHE)
- Department of Health (DOH)
- Health Policy Commission

**SUMMARY**

Synopsis of HEC Amendment

The House Education Committee amendment directs San Juan College to submit a program evaluation to the LFC and CHE by June 30, 2005 identifying benefits of this program for three years.

Synopsis of Original Bill

House Bill 385 appropriates \$375.0 from the general fund to San Juan College for the purpose of expanding the nursing education program, including the development of alternative scheduling curricula.

Significant Issues

DOH and HPC note the severity of nursing shortages nationally and in New Mexico. Given current trends, the United States Department of Health and Human Services projects the New Mexico nursing shortage will reach 25 percent in 2005, 36 percent in 2010 and 57 percent in 2020. While most nursing education programs in the state having wait lists for student applicants, certain nursing faculty positions are vacant, and fewer nurses selecting a nursing education specialty in graduate school.

In 2002, the Nursing Shortage Statewide Strategic Summit of the Commission on Higher Education and the University of New Mexico Health Sciences Center noted the importance of expanding nursing education program by increasing faculty and enhancing faculty retention through salary adjustments. Specifically, the Summit calls for an incremental 500 licensed nurse graduate per year (doubling of current levels) beginning in three years and continuing for fifteen to twenty years.

CHE and DOH note the extent of the current nursing shortage in San Juan County. Further, CHE notes the applicant pool for the San Juan College program is declining, all available seats are being filled, with 75% of the nursing class graduating. At San Juan College, from 93% to 100% of these students pass the National Council Licensing Exam—Registered Nurse over the last four years.

**FISCAL IMPLICATIONS**

The appropriation of \$375.0 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY04 shall revert to the General Fund.

CHE notes San Juan College requested \$255.5 for a similar nursing program, which was ranked by the institution as 1<sup>st</sup> of 4 new or expansion research and public service requests.

According to the LFC budget document, in an effort to address market salary needs for all other two- and four-year institutions, the Legislature appropriated a total of \$2,569.8 in FY03 to provide market salary adjustments for nursing faculty, convert nursing faculty from a nine-month contract to a twelve-month contract, and expand nursing student enrollment. San Juan College received \$134.7 to expand nursing enrollment. For those institutions that did not use the funds appropriated in FY03 to expand nursing student enrollment, the LFC recommended institutions expand nursing enrollment in FY04. The LFC recommendation for FY 04 includes \$134.7 for nursing expansion, flat compared to FY03.

## **OTHER SUBSTANTIVE ISSUES**

CHE notes alternatives scheduled classes would allow graduate to enter the workforce throughout the year as well as increase the nursing pool by permitting healthcare technicians and others to pursue the Associate Degree in Nursing, while maintaining full-time employment.

DOH notes this legislation is consistent with the DOH Strategic Plan.

## **ALTERNATIVES**

In its analysis, CHE notes it did not recommend additional nursing expansion requests in FY04, but instead recommended the revised education funding formula. The Plus Incentives component of the new formula includes establishment of the Program Development Enhancement Fund. For this fund, the CHE recommended initial funding of \$3 million, while the LFC recommendation includes \$1.5 million of general fund and \$1.0 million of federal funds in the form of temporary assistance for needy families block grant.

## **POSSIBLE QUESTIONS**

1. How would the appropriation be utilized?
2. What would be the associated impacts on institutional revenues and formula funding?
3. What performance measures would be available to measure the effectiveness of the program ?

AW/lS