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## FISCAL IMPACT REPORT

SPONSOR: Nava DATE TYPED: 02/04/03 HB \_\_\_\_\_

SHORT TITLE: NMSU Nursing Education Funding SB 94

ANALYST: Williams

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$500.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB 291, HB 255, HB 385

### SOURCES OF INFORMATION

#### Responses Received

LFC Files  
 Health Policy Commission  
 New Mexico State University (NMSU)  
 Commission on Higher Education (CHE)  
 State Department of Education

### SUMMARY

#### Synopsis of Bill

Senate Bill 94 appropriates \$500.00 from the general fund to New Mexico State University for the purpose of maintaining nursing faculty salaries and increasing the number of faculty positions to maintain and expand student enrollment in the nursing program. Specifically, nursing faculty salaries are targeted at the 50<sup>th</sup> percentile of peer institutions.

#### Significant Issues

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 sal-

ary 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.

### **FISCAL IMPLICATIONS**

The appropriation of \$500.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY 2004 shall revert to the general fund.

For FY 04, NMSU requested an additional \$500.0 nursing expansion and ranked the proposal 7<sup>th</sup> of 17 new or expansion research and public service projects submitted to CHE by NMSU. In its analysis, CHE notes the appropriation would support up to eight new faculty FTE positions at current market salary levels.

According to the LFC budget document, over the past couple of years, the Legislature has appropriated funds to institutions to address statewide nursing workforce needs. 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 12-month contract, and expand nursing student enrollments for two-year and four-year institutions, other than the University of New Mexico. NMSU received \$419.2, of which 85 percent was allocated to provide market salary adjustment for nursing faculty and 15 percent was allocated to expand nursing student enrollment. NMSU Alamogordo received \$27.9, with 71.4 percent allocated to provide market salary adjustments for nursing faculty and 28.6 percent allocated to expand nursing student enrollment. NMSU Carlsbad received \$34.9 for market salary adjustment for nursing faculty. Finally, NMSU Dona Ana received \$104.8, equally split between market salary adjustments for nursing faculty and expansion of nursing student enrollment.

For those institutions that did not use the funds appropriated in FY03 to expand nursing student enrollments, the LFC recommended institutions expand nursing enrollment in FY04. The LFC budget recommendation for FY04 includes \$419.2 for NMSU nursing expansion, \$27.9 for NMSU Alamogordo nursing expansion, \$34.9 for NMSU Carlsbad nursing expansion and \$104.8 for NMSU Dona Ana nursing expansion.

### **OTHER SUBSTANTIVE ISSUES**

In their analysis, NMSU, Health Policy Commission and State Department of Education note the national and state nursing shortage, and NMSU notes partnership efforts between the Main and branch campuses to address career development and retention in "rural/frontier communities". Further, NMSU discusses a new distance education methodology for the nursing program initiated with federal grant funds, which will require additional future funding "to allow progression of admitted nursing students and to cover costs for the program after (federal) funding ends."

As a result of the appropriation, NMSU notes annual enrollment in the four-year Bachelor of Science nursing program would increase from 32 to 48 students per semester, with completion program enrollments increasing to 40 per year in 2004 and 48 per year in 2005.

## **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. What would be the associated impacts on institutional revenues and formula funding?

AW/njw