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## FISCAL IMPACT REPORT

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

SHORT TITLE: Support for Nursing Education in NM SB 291

ANALYST: Williams

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	1,994.0			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB 94, HB 255, HB 385

### SOURCES OF INFORMATION

#### Responses Received

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

### SUMMARY

#### Synopsis of Bill

Senate Bill 291 appropriates \$1,994.0 from the general fund to the University of New Mexico and New Mexico State University for nursing programs in FY 04. Specifically, the bill appropriates \$1,075.0 to the University of New Mexico for the purposes of expanding nursing enrollment and offering distance education, web-based enrollment and partnerships, with an additional \$919.0 appropriation in FY 04 to New Mexico State University to increase admissions, support the Bachelor of Science and Master of Science nursing programs as well as address faculty salary needs.

#### Significant Issues

The Department of Health notes 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.

### FISCAL IMPLICATIONS

The appropriation of \$1,994.0 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.

According to CHE, the UNM request indicates the \$1,075,000 request would support recurring expenses for faculty and geographic expansion support as follows:

Position	FTE	Total
Workload/Base Adjustments		\$475,000
Faculty	5.25	\$450,766
Academic Advisor	3.0	\$107,609
Supplies & Expenses		34,320
Travel		7,305
<b>Total</b>	<b>8.25</b>	<b>\$1,075,000</b>

The NMSU request indicates this appropriation would support recurring expense for up to eight new FTE faculty 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. In FY01, the Legislature appropriated \$950.0 to UNM for the purpose of expanding enrollment at the College of Nursing. Last year, UNM reported that \$461.2 was used to provide market salary adjustments to 54 faculty in the College of Nursing, \$415.7 went to conversion of faculty to 12-month contracts and the remaining \$73.1 was allocated to hire 1 FTE faculty. In FY 03, the Legislature appropriated \$1,422.2 to UNM to expand nursing student enrollment through salary and benefits for new faculty and support staff, while UNM Gallup received \$34.9 for library purchases, computer equipment, salaries for tutors, preceptors, consultant and a student trip to a clinical site. As a result of the market salary adjustments, nursing faculty salaries were increased to the 50<sup>th</sup> percentile of the American Association of Colleges of Nursing survey level and were in line with local market salaries for nurses working in clinical services.

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 12-month contract, and expand nursing student enrollments. 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

vide 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 FY 04 recommendation for UNM includes \$34.9 for UNM Gallup as well as \$309.9 for Nurse Mid-wifery program and \$1,347.2 for UNM nursing expansion at UNM Health Sciences Center. The LFC budget recommendation also 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**

According to CHE, the UNM request for FY 04 included \$475.0 to continue instructional functions for current enrollment and \$600.0 for other activities including the third year of College of Nursing enrollment and geographic expansion of the Bachelor of Science and Master of Science in Nursing to three New Mexico sites offering Associate's Degree in Nursing. CHE ranked the proposal first of four expansion requests submitted by the UNM Health Sciences Center with Board of Regents approval.

For FY 04, NMSU requested an additional \$500.0 nursing expansion to hire faculty to increase enrollment from 32 to 48 new students each semester. NMSU ranked the proposal 9<sup>th</sup> out of 14 prioritized research and public service requests submitted by the NMSU Board of Regents. CHE notes this legislation provides \$419.0 more than the institution requested.

The Department of Health 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. What would be the associated impacts on institutional revenues and formula funding?
2. What performance measures would be available to measure the effectiveness of the program ?

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