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FISCAL IMPACT REPORT

SPONSOR Varela **DATE TYPED** 03/12/05 **HB** 509/aHAFC

SHORT TITLE Create Nurse Educators Fund **SB** _____

ANALYST Williams

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

Relates to numerous student financial aid and nursing bills
 Relates to General Appropriation Act with formula funding for student credit hours, nursing expansion line item, \$2 million lump sum to CHE for nursing programs and funding for Nursing Loan for Service programs
 Relates to SB 190/aHAFC

SOURCES OF INFORMATION

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

SUMMARY

Synopsis of HAFC Amendment

The amendment removes the appropriation. It is important to note the bill retains the provision to authorize the CHE to retain up to a five percent administrative fee.

Synopsis of Original Bill

House Bill 509 appropriates \$100 thousand from the general fund to the commission on higher education for the purpose of establishing a new fund to assist degree-seeking, college- and university-employed nursing educators to pay tuition and books. CHE is authorized to develop rules for continuing employment or payback provisions for students utilizing the fund and is permitted to retain \$5,000 as an administrative fee.

Significant Issues

The legislation would establish the precedent of permitting CHE to retain administrative fees. CHE indicates the agency would require additional FTE to administer the fund, but only \$5,000 would be permitted to be retained by the agency under the provisions of this bill.

The HPC notes: “though the schools have almost doubled the number of student nurse slots in the schools to 1,115, there are still twice as many - 2,005 - qualified students applying for these slots. This means 12 out of 15 nursing programs in the state have turned down applicants or have a waiting list of 1 to 3 years for students qualified to enter their program.” (Source: NM Center for Nursing Excellence)

As of July 15, 2004, one month before most schools began the fall term, the Center reported “schools reported 46.5 nurse faculty vacancies. In addition, the average age of the nursing faculty workforce in New Mexico is 54,” - greater than the national average.

The Department of Health notes:

“The Department of Health and Human Services (DHHS) estimates that vacant nursing positions in NM will reach 25% in 2005, 36% in 2010 and 57% in 2020. According to the NM Consortium for Workforce Development (NMCWD), one third of NM nurses are over 50 years of age. New Mexico currently produces 500 new registered nurses (RNs) each year, but continues to experience escalating vacancies in health care facilities at a rate double the national average.”

PERFORMANCE IMPLICATIONS

DOH notes the bill is consistent with its Strategic Plan in Program Area 9: Administration; Strategic Direction: Achieve excellence and accountability in administration and service. *Objective 3*: Increase the health workforce supply, in collaboration with other entities in New Mexico.

FISCAL IMPLICATIONS

It is important to note the bill retains the provision to authorize the CHE to retain a five percent administrative fee.

The appropriation of \$100 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of the fiscal year would **not** revert.

This bill creates a new fund and provides for continuing appropriations. The LFC is concerned about including continuing appropriation language in the statutory provisions for newly created funds. Earmarking reduces the ability of the legislature to establish spending priorities.

TECHNICAL ISSUES

Is it the legislature’s intent for the provisions of the bill to apply to employees of two-year post-secondary institutions? Clarification may be needed.

HPC notes “would the bill consider if there were a return at some future date to the diploma

school type of programs previously operated by hospital, would those educators be eligible?"

Is it the legislature's intent to limit the provisions of the bill to New Mexico public, post-secondary institutions?

OTHER SUBSTANTIVE ISSUES

- New Mexico is below the national average for active registered nurses per 100,000 population (Quick Facts 2004, HPC).
- New Mexico has 14,300 registered nurses (RNs) and 3,000 licensed practical nurses (LPNs) with New Mexico addresses. The state is significantly impacted by the nursing shortage with health care institutions having 494 RN and LPN positions they cannot fill (New Mexico Center for Nursing Excellence). The Health Resources and Services Administration (HRSA) predicts that New Mexico will not be able to fill 57% of its nursing requirements by 2020.

Nursing Education Programs

According to the Nursing Shortage Statewide Strategy Session (NS4) "Addressing New Mexico's Nursing Shortage: A Statewide Strategy Framework," almost every New Mexico nursing education program has a waiting list of 6-75 qualified applicants.

Quoting from "*Addressing New Mexico's Nursing Shortage: A Statewide Strategy Framework - December 2002*," there are a variety of recommendations from the nursing professionals in the State to ease the shortage. Some of these recommendations include:

- Nursing Student Loan for Service Act.
- Investigate the use of existing programs like the Nursing Student Loan for Service Act in cooperation with the CHE Health Professions Advisory Committee to address shortages.
- Identify and make accessible information about existing and new sources of money for nursing education, e.g., Nurse Reinvestment Act.
- Commit state funds for full-time MSN/PhD nursing students in the education track. If indicated, seek additional funding of the Nursing Student Loan for Service Program.

The New Mexico Center for Nursing Excellence recommends a faculty loan repayment program. This program would repay loans associated with graduate education - masters and doctorate level- in return for a commitment to teach in one of the state's nursing programs for 3 years.

HPC notes the bill "appears to have much of the intent of the recommendations of providing support to current nurse educators to obtain higher-level degrees which would in turn provide the advanced faculty required by accrediting agencies. Accrediting bodies recommend that the minimum education requirement for faculty for the associate and bachelor degree programs be a master's degree; to teach graduate level nursing programs a doctorate is recommended."

CHE currently administers the Nursing Student Loan for Service program. This program goal is to increase the number of nurses in areas of the state which have shortages. As a condition of the loan, a student must declare intent to practice as a nurse in a designated health professional shortage area in New Mexico.

ALTERNATIVES

The HPC notes funding from Con Alma or McCune foundations may be alternative sources of funding.

AW/lg:yr