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FISCAL IMPACT REPORT

ORIGINAL DATE 1/31/06
 LAST UPDATED 1/31/06 HB _____

SPONSOR Papen

SHORT TITLE Expand NMSU Nursing Program SB 192

ANALYST Earp

APPROPRIATION (dollars in thousands)

| Appropriation | | Recurring or Non-Rec | Fund Affected |
|---------------|---------|-------------------------|------------------|
| FY06 | FY07 | | |
| | \$600.0 | Recurring | General Fund |
| | | | |

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 190

Relates to HB 54 and 95, and SB 94 and 203

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)
 New Mexico State University (NMSU)
 Health Policy Commission (HPC)
 Department of Health (DOH)

SUMMARY

Synopsis of Bill

Senate Bill 192 appropriates \$600,000 from the general fund to the Board of Regents of New Mexico State University (NMSU) to expand the university's nursing program.

FISCAL IMPLICATIONS

The appropriation of \$600,000 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2007 shall revert to the general fund.

The appropriation in this bill relates to a recurring line-item appropriation made to NMSU for nursing program expansion, as well as an appropriation made to the Higher Education Department (HED) for competitive allocation among nursing programs statewide. For fiscal year 2007, the Legislative Finance Committee (LFC) has recommended a total of \$3 million for nursing program expansion through the Program Development Enhancement Fund. The Executive has recommended continuation of the \$2 million appropriation made for fiscal year 2006. These amounts are in addition to the line-item appropriations to NMSU and several other institutions.

SIGNIFICANT ISSUES

This proposal was submitted to the Higher Education Department (HED) by New Mexico State University. It was ranked as priority #2 of 9 expansion requests submitted by NMSU but was not included among HED's fiscal year 2007 funding recommendations to the Legislature.

The New Mexico Legislature has pursued multiple funding approaches in an effort to address significant problems with the supply of nursing professionals in the state. The LFC conducted a performance review during the 2005 interim of the nursing program expansion initiatives funded through institutions of higher education. The LFC report, *Higher Education Department: State Funding of Nurse Education and Outcomes*, dated October 27, 2005, documents that some progress is being made in terms of increasing program capacity in the state, but also suggests the need to develop a statewide strategic plan and financial strategy to assure that the problems are addressed in an effective and efficient manner.

The Health Policy Commission notes that this bill seeks to address many of the issues heard by the Legislative Health and Human Services Committee about the nursing shortage in New Mexico. Senate Joint Memorial 37 (*A Study of the Impact of Nurse Staffing and Retention Issues on Workforce Development* from the Health Policy Commission) presented information to the committee that noted the difficulty in hiring faculty at all of the nursing programs throughout the state. The undersupply of teaching faculty has created waiting lists of students to get into nursing programs.

PERFORMANCE IMPLICATIONS

HED reports that the task force which prepared the SJM 37 report suggested the following performance measures relative to evaluation of nursing program funding allocations:

- Number of students admitted into nursing programs
- Graduation rates
- Number of students passing the NCLEX examination within six months of completion of their program
- Number of qualified students who applied but could not be admitted due to lack of program capacity

ADMINISTRATIVE IMPLICATIONS

NMSU is currently managing the program to be augmented through this bill. No significant additional administrative impact is evident. However, the Department of Nursing points out that tenure and tenure track faculty lines within the Department of Nursing, College of Health & Social Services, will need to be permanently increased to sustain increased enrollments and outreach efforts with community colleges. (Some faculty positions/salaries are currently supported

via the competitively-allocated annual funding from HED.)

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

This bill is related to House Bill 54 and Senate Bill 203. These are duplicate measures that appropriate a total of \$2.9 million for nursing program expansion statewide.

This bill is related to House Bill 95 which provides \$593,130 for expansion of the nursing program at Western New Mexico University.

This bill is related to Senate Bill 94 which provides \$625,000 to the Department of Health for nursing leadership and nurse retention programs.

OTHER SUBSTANTIVE ISSUES

NMSU reports that it is the only public university providing comprehensive nursing education from pre-licensure baccalaureate education, RN to BSN education, and master's level nursing education programs within the southern region of the state. Approximately 334 students are enrolled in the various nursing programs at any given time (in addition more than 400 pre-nursing majors are enrolled at NMSU). A high percentage of undergraduate students (~47%) and graduate students (~25%) are Hispanic, American Indian, and African American.

The Health Policy Commission also provided the following background information that may be of interest:

According to the New Mexico Center for Nursing Excellence's *2006 Nursing Fact Sheet*, "as of 2005 there are 14,736 registered nurses (RNs) and 2,977 licensed practical nurses (LPNs) with New Mexico residency. The New Mexico nursing workforce has increased by 13% since 2001. However, over 44% of RNs and LPNs are over age 50 (up from 41% for RNs and 43% for LPNs in 2004). This means 44% of the NM workforce will need to be replaced over the next 15 years. In comparison, the national average age of nurses is 46.2 years."

Center data also show that it was predicted in 2000 that "40% of the national nurse workforce would be over age 50 by 2010. NM exceeded that mark. Additional nurses will be needed for the increased demand of a growing population (35% growth between 2000 and 2020) and a higher percentage of elderly (population over age 65 increasing by 74% between 2000 and 2020). 94% of the NM RN workforce and 93% of the LPN workforce are currently employed in nursing full or part time (91% in 2004)."

The New Mexico Department of Labor predicts "the state will need an additional 4,520 RNs and 680 LPNs by 2012."

The Associate Degree nursing programs in New Mexico have increased their admissions by 68.8% since 2000. Bachelor programs have increased their admissions by 175%.

The data also shows that there are more qualified applicants than were admitted.

For the 2004 –2005 school year, there were 2005 qualified applicants for 1115 student slots available.