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## FISCAL IMPACT REPORT

ORIGINAL DATE 1/22/08

SPONSOR Morales LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE WNMU Nursing Program SB 77

ANALYST Haug

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$664.7	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to SB104, HB66 and HB185

#### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Higher Education Department (HED)

Department of Health (DOH)

Health Policy Commission (HPC)

#### SUMMARY

##### Synopsis of Bill

Senate Bill 77 appropriates \$664.7 from the general fund to the Board of Regents of Western New Mexico University to expand the nursing program and to adjust nursing faculty salaries in order to retain qualified staff.

#### FISCAL IMPLICATIONS

The appropriation of \$664.7 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2009 shall revert to the general fund.

The HED states that a request was submitted by WNMU in the amount of \$982,958 to the New Mexico Higher Education Department (NMHED) for review. This is an increase of \$664,658 to the base funding of \$318,300. The Department's executive funding recommendation for FY09 is a continuance of FY08 recurring funding via both the established appropriations directly

allocated to WNMU as well as appropriations thru NMHED to the institution out of the Performance Development Enhancement Fund and the Supplemental Nursing Compensation appropriation.

The HED's evaluation table of FY09 Research and Public Service Projects provided to the LFC classifies this project as a "breach" of the Higher Education Formula. Reasons for this classification decision are not provided. (LFC Report 07-20, Higher Education Department Review of Selected Research and Public Service Projects, January 12, 2008, Table 4, p76.)

## **SIGNIFICANT ISSUES**

According to the HED, the WNMU nursing program seeks to adjust all nursing faculty to their target salary and assist faculty with costs of Advanced Degrees in Nursing (ADN). WNMU nursing department prepares nursing care providers to meet the needs of patients and providers. The program emphasizes rural health, cultural competence and evolving models of health care delivery. The aim of the project is to increase numbers of nursing personnel at all levels: nursing assistants, registered nurses and bachelor prepared registered nurses. The focus of the project is on the local area and learning centers including Catron, Grant, Hidalgo, Luna and Sierra counties. Although the focus is on southwest New Mexico, the project is aligned with statewide goals of increasing registered nurses and increasing the ratio of Bachelor Science in Nursing prepared nurses to ADN prepared nurses. According to the 2006 NM Board of Nursing Report, currently the statewide BSN to ADN ratio is 35%; however in the four counties named above, the ratio is 24%.

The HPC states that the 2002-2012 Occupational Outlook projections from the New Mexico Department of Labor (2004) predicts that the state will need an additional 4,520 RNs and 680 LPNs by 2012. Source: New Mexico Health Policy Commission Quick Facts 2008.

The HPC adds that the most critical issues faced by schools of nursing for Academic Year 2006-2007 are:

- limited pool of doctorally prepared faculty,
- noncompetitive salaries,
- lack of qualified applicants,
- finding faculty with the right specialty mix,
- finding faculty willing/able to teach clinical courses,
- finding faculty willing/able to conduct research, and
- high faculty workload.

Source: New Mexico Health Policy Commission HM17/SM 18 Nurse Recruitment and Retention in New Mexico Hospitals October 2007

Finally, the HPC states that it costs an employer approximately 100% of a nurse's annual salary to fill a vacated nursing position. As an example, a turnover rate of 16-20% could result in a hospital employing 600 nurses and spending \$5.5 million a year in replacement costs alone.

Source: New Mexico Health Policy Commission HM17/SM 18 Nurse Recruitment and Retention in New Mexico Hospitals October 2007.

## **RELATIONSHIP**

SB 77 relates to:

SB 104, which would appropriate \$1,925.0 from the general fund to the board of regents of New Mexico State University to improve the nursing education program;

HB66 which would appropriate \$100,0,0 from the general fund to the Board of Regents of New Mexico State University to expand the Carlsbad Campus Nursing program;

HB 185 which would appropriate \$2,237.0 from the general fund to the board of regents of the University of New Mexico for the college of nursing to expand enrollment and alleviate the shortage of nurses in NM.

GH/mt