

**NOTE:** As provided in LFC policy, this report is intended only for use by the standing finance committees of the legislature. The Legislative Finance Committee does not assume responsibility for the accuracy of the information in this report when used for other purposes.

The most recent FIR version (in HTML & Adobe PDF formats) is available on the Legislative Website. The Adobe PDF version includes all attachments, whereas the HTML version does not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

## FISCAL IMPACT REPORT

SPONSOR: Saavedra DATE TYPED: 03/21/03 HB 476  
 SHORT TITLE: UNM Nursing Education & Special Projects SB \_\_\_\_\_  
 ANALYST: Williams

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$4,818.1			Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HB 255, HB 355, SB 94, SB 256, SB 291

### SOURCES OF INFORMATION

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

### SUMMARY

#### Synopsis of Original Bill

House Bill 476 appropriates a total of \$4,818.1 from the General Fund to the Board of Regents of the University of New Mexico for the purpose of funding various health and human services-related special projects. Specifically, the projects and associated funding are:

- College of Nursing \$ 475.0  
To expand enrollment
  
- College of Nursing \$ 600.0  
To fund geographic expansion through distance education, web-based enrollment and partnerships with other post-secondary institutions offering associate degrees in nursing
  
- School of Medicine Specialty Education \$1,500.0  
To increase staff, provide clinical services and engage in diabetes, gastrointestinal and liver research
  
- Carrie Tingley Hospital \$ 500.0

To provide a base adjustment for Medicaid managed care revenue shortfalls and to maintain services

UNM Hospital	\$ 700.0
To provide partial reimbursement for uncompensated, non-Bernalillo County resident indigent care	
School of Medicine Pediatric Pulmonary	\$ 372.7
To increase staff	
School of Medicine Pediatric Oncology	\$ 326.0
To increase staff	
Office of State Medical Investigator	\$ 344.4
To increase staff	

### 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.

DOH notes the importance of addressing diabetes due to high rates of the disease in the state.

DOH notes many children receiving services from Carrie Tingley Hospital are unable to access EPSDT or Medicaid waiver services due to financial eligibility criteria and/or wait issues. Further, DOH notes Carrie Tingley Hospital is operating with a budget deficit.

With respect to indigent patient care, DOH notes UNM Hospital is the state's only tertiary care provider as well as the only trauma and burn center, and notes various services are provided to indigent individuals throughout the state.

DOH notes the pediatric pulmonary program provides the only source of board certified pediatric pulmonologists in the state, and provides local services and education through outreach clinics jointly with DOH Children's Medical Services. DOH notes the escalation of the number of children with asthma and other chronic lung conditions.

DOH notes increased funding for pediatric oncology would aid in UNM achieving National Cancer Institute designation as a comprehensive cancer center and would assist in offering state-

of-the-art care.

DOH notes the number of cases of “sudden, unexplained and injury-related deaths” investigated by the Office of the Medical Investigator is rising, along with documentation requirements for law enforcement and litigation.

This is a Legislative Health and Human Services Committee-sponsored bill.

### **FISCAL IMPLICATIONS**

The appropriation of \$4,818.1 contained in this bill is a recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY04 shall revert to the General Fund.

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.

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.

The LFC budget recommendation for FY04 includes a flat general fund recommendation for UNM Cancer Center, Carrie Tingley Hospital and the Office of Medical Investigator, along with a five percent decrease in general fund for pediatric oncology and pediatric pulmonary programs.

### **OTHER SUBSTANTIVE ISSUES**

According to CHE, the UNM request for FY 04 included \$475.0 of base adjustment to continue instructional functions for current enrollment, which was not ranked, 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 this proposal first of four expansion requests submitted by the UNM Health Sciences Center with Board of Regents approval. UNM ranked \$1,500.0 for specialty education faculty and research capacity in diabetes, gastrointestinal/liver disease as #3 of 4 instruction and general (I&G) expansion requests, \$372.7 for pediatric pulmonary as #4 of 16 new or expansion requests, \$326.0 for pediatric oncology program staffing as #6 of 16 new or

expansion requests, and \$344.3 for Office of Medical Investigator staff as #10 of 16 new or expansion requests. The \$500.0 of base adjustment for Carrie Tingley Hospital and the \$700.0 for out-of-county indigent were not ranked by UNM in its budget request to CHE.

DOH notes the bill is consistent with its 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?

**AW/yr:njw**