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FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/06

SPONSOR Boykin LAST UPDATED _____ HB 54

SHORT TITLE Expand Nursing Programs SB _____

ANALYST Earp

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	\$2,900.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Duplicates: Senate Bill 203

Relates to: Senate 192, House Bill 95, House Bill 190

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

Health Policy Commission (HPC)

Department of Health (DOH)

New Mexico State University (NMSU)

SUMMARY

Synopsis of Bill

House Bill 54, sponsored by Representative Boykin on behalf of the interim Legislative Health and Human Services Committee, appropriates \$2.9 million from the general fund for the following purposes:

- \$300,000 to the University of New Mexico (UNM) to facilitate timely hiring of nursing faculty and enrollment of nursing students;
- \$600,000 to New Mexico State University (NMSU) to increase enrollment of nursing students in all nursing programs; and
- \$2,000,000 to the Higher Education Department (HED) in increase funding for faculty salaries, faculty positions and enrollment in nursing programs statewide.

FISCAL IMPLICATIONS

The appropriation of \$2.9 million 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 multiple on-going appropriations for nursing program expansion. The appropriation would augment direct line-item appropriations made to the University of New Mexico (UNM) and New Mexico State University (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 UNM, NMSU and several other institutions.

SIGNIFICANT ISSUES

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. House Bill 54 will increase faculty positions, increase faculty salaries, and increase enrollment in nursing programs.

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 of the programs funded through institutions of higher education during the 2005 interim. 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 state-wide strategic plan and financial strategy to assure that the problems are addressed in an effective and efficient manner.

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

The administrative impact of this legislation would fall on HED, NMSU and UNM. These entities are currently managing the programs to be augmented through this bill. No additional administrative impact is evident.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 54 and Senate Bill 203 are duplicate measures.

This bill is related to House Bill 190 and Senate Bill 192. These are duplicate bills that provide \$600,000 for expansion of the nursing program at NMSU.

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

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

The Health Policy Commission 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.

POSSIBLE QUESTIONS

Is it the intent of this legislation to augment the \$2 million (Executive) or \$3 million (LFC) in recurring funds recommended in the General Appropriation Act for nursing program enhancement?

DE/yr