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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/29/10

SPONSOR Chavez, Eleanor LAST UPDATED 02/05/10 HJM 13

SHORT TITLE Track Nursing Education Funding SB \_\_\_\_\_

ANALYST Escudero

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	\$50.0 - \$200.0	Nonrecurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)  
 Higher Education Department (HED)  
 Health Policy Commission (HPC)

#### No Responses Received From

Regulation and Licensing Department (RLD)  
 Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

House Joint Memorial 13 would request that the Higher Education Department to track funding for nursing education through the nursing program enhancement fund, the higher education funding formula and other funding for nursing education and report to the legislature on the uses and distribution of those funds.

### FISCAL IMPLICATIONS

Department of Finance and Administration notes that although this is an important issue, NMHED currently lacks the appropriate staffing and budgetary resources to meet the request outlined in HJM1. Costs to conduct the study are unknown but could range between \$50.0 and \$200.0.

**SIGNIFICANT ISSUES**

In addition, Higher Education Department indicates as follows:

New Mexico ranks fiftieth in the United States for the number of nurses per one hundred thousand population. According to the New Mexico Center for Nursing Excellence, New Mexico needed an estimated five thousand more nurses in the workforce as of June 2008 in order to have met the projected demand.

Since 2003, New Mexico nursing programs have almost doubled; however, these programs were unable to admit 240 qualified applicants for the 2009-2010 academic year, which represents twenty percent of all applicants.

According to the New Mexico Center for Nursing Excellence, between forty-eight and one hundred seventy-one additional full-time equivalent nursing faculty members are needed to be able to admit all qualified candidates for a nursing degree.

Several barriers exist to the recruitment and retention of nursing faculty members, including faculty compensation that is not competitive with practice settings, a weak educational pipeline to develop new faculty, models of education that prohibit collaboration among institutions and a challenging and difficult work environment.

The New Mexico Higher Education Department (NMHED) conducted a longitudinal study regarding the impact of supplemental state funding on addressing the nursing shortage in New Mexico. From FY06 to FY08, the funding has lead to an increase in student enrollment, graduation and National Council Licensure Examination (NCLEX) passage numbers. In addition, the study forwarded responses from nursing program directors from the state's 17 postsecondary institutions regarding obstacles to program expansion. The top three obstacles to program expansion listed were (1) a deficit of qualified faculty; (2) difficulties in obtaining clinical sites for student experience; and (3) general challenges regarding student preparedness and remediation. Finally, the study forwarded short and long-term recommendations for addressing the nursing shortage.

The study also forwarded recommendations to increase the capacity of New Mexico public colleges and universities to educate nurses and to increase the number of nurse faculty members, including encouraging career pathways for master's and doctoral level educators to teach in nursing programs and increases in faculty salaries through multi level strategies.

The study did not address other sources of revenue, including the funding formula. The study forwarded by the New Mexico Center for Nursing Excellence recommended that nurse educators, supported by the NMHED, develop a statewide plan for nursing education to address the identified barriers and challenges to ensuring an adequate supply of nurses to meet future demand. Included in this plan shall be regular reports regarding the distribution of funding to nursing programs to support the development of qualified faculty and the effectiveness of the distribution of such funding would be of value to the legislature in determining the full extent of the need for funding for these purposes.

Health Policy Commission indicates as follows:

The memorial recognizes that:

- Out of fifty states and the District of Columbia, New Mexico ranks fiftieth for the number of nurses per 100,000 population;
- New Mexico will need an estimated 5000 more nurses in the work force that were in the work force as of June 2008 in order to meet projected needs;
- Programs to educate nurses in New Mexico have almost doubled their capacity in the last seven years;
- New Mexico schools offering nursing degree programs were unable to admit two hundred forty qualified applicants for the 2009-2010 academic year, which represents twenty percent of all applicants; and
- Between 48 and 171 additional full-time equivalent nursing faculty members are needed to be able to admit all qualified candidates for a nursing degree;
- Many barriers exist to the recruitment and retention of nursing faculty members, including faculty compensation that does not compete with practice settings, a weak educational pipeline to develop new faculty, models of education that prohibit collaboration among institutions and a challenging and difficult work environment.

The Memorial further recognizes that in January 2009, the Higher Education Department issued the *New Mexico Nursing Program Development Enhancement Fund Study*, a report of a study evaluating the effectiveness of the nursing program enhancement fund in meeting the demand for nurses practicing in New Mexico

The report contained recommendations to increase the capacity of New Mexico educational institutions to educate nurses and to increase the number of nurse faculty members, including encouraging career pathways for master's- and doctoral-level educators to teach in nursing programs and increases in faculty salaries through multi-level strategies; however, the report did not address other sources of revenue for nursing education, including the Higher Education Funding Formula.

The 2009 House Joint Memorial 40 study, a study on the impact of New Mexico's nursing shortage, provided the following recommendations.

Creating Structures for Accountability and Transparency (High Priority)

- 1) The Higher Education Department (HED) convene a task force to analyze all state funding for nursing education and:
  - Develop a system for transparency of all funding directed towards nursing education;
  - Create an annual reporting mechanism to monitor nursing education funding streams;
  - Establish competitive nurse educator salary benchmarks; and
  - Recommend changes and/or enhancements to current funding streams for nurse education and, if necessary, recommend additional funding and/or incentives for nursing educators based on benchmarks.

- 2) The legislature adopts the national nursing minimum data set to track the status of nursing in New Mexico, which includes nursing education, supply, and demand data.

Establish New Educational Models (High Priority)

Nurse educators, supported by the HED develop a statewide plan for nursing education that includes:

- Removal of barriers to multi-institution collaboration, including sharing of faculty and students;
- The development of new faculty (faculty pipeline enhancement);
- A focus on preparing nurses for health management, disease prevention, and health informatics;
- A shared, statewide curriculum;
- Development of a statewide infrastructure for online courses and distance learning; and
- Development of partnerships to extend nursing faculty capacity, such as regional mobile simulation labs (Long-term).

Identification, Support and Mentoring of Future Faculty

Determine, publish, and promote best practices for:

- Schools to identify, encourage, and mentor nursing students towards a career in nursing education; and
- School/community partnerships to support and retain nursing faculty

Promoting the Future of Nursing

- Articulate the economic benefit of nursing to health organizations, private industry, and communities;
- Promote the future role of nursing in chronic disease management, end-of-life care, transitional care, health management, and disease prevention as well as acute care; and
- Develop/adopt models to promote nursing in New Mexico's schools (primary, secondary, postsecondary) and for displaced and second career workers.

**PERFORMANCE IMPLICATIONS**

Higher Education indicated as follows:

The memorial requests the New Mexico Higher Education Department to:

- Track all sources of funding for nursing education and report to the legislature on the uses and distribution of such funds;
- Cooperate with nurse educators and institutions that educate nurses in the development of a statewide plan for nursing education; and
- Report to the interim Legislative Health and Human Services Committee by November 2010 on its progress toward developing regular reporting mechanisms of the distribution and uses of nursing funds, make recommendations for changes to the current formulas for funding nursing education and report on the development of a statewide plan for nursing education.

Copies of this memorial shall be transmitted to the Secretary of Higher Education, the Director of the New Mexico Center for Nursing Excellence, and the Director of the Board of Nursing.

**ADMINISTRATIVE IMPLICATIONS**

As stated by Higher Education Department, the New Mexico Higher Education would carry out the provisions of the HJM13

**OTHER SUBSTANTIVE ISSUES**

Higher Education Department indicated as follows:

One of the primary funding sources is formula funding. It is challenging to track specific funding for nursing programs based on student credit hours due to the fact that some courses taken are of a general nature, such as allied health or biology, and not specific to nursing. The more effectively we are able to track these student credit hours, the better we will be able to truly determine the amount of funding directly distributed to nursing programs.

Health Policy Commission indicates as follows:

Faculty positions are demanding yet offer low salaries when compared to advanced clinical practice. In many cases, faculty positions earn a lower salary than the RN’s they produce. When compared to the compensation of a master’s-educated nursing faculty member with a master’s-educated nurse in clinical practice, the disparity is disheartening. For example, a Nurse Practitioner (one of many areas of advance practice nursing that require masters-level education) makes 50-60% more than a nursing faculty member with similar education and experience. Perhaps the most troubling disparity is between nursing faculty and the salaries of the Registered Nurses (RNs) they produce. As shown in the table below, the average starting salary of a faculty member with a minimum Master of Science in Nursing (MSN) is \$43,990, which is less than the average starting salary of an Associate Degree Nursing(ADN) or Bachelor of Science in Nursing (BSN) educated RN of \$47,010.

	<b>Entry</b>	<b>Mean</b>	<b>Median</b>	<b>Experienced</b>
Nursing Instructors, Post sec )	\$ 43,990.00	\$ 57,570.00	\$ 54,920.00	\$ 64,370.00
Registered Nurses	\$ 47,010.00	\$ 61,830.00	\$ 61,190.00	\$ 69,250.00
Note: Entry level instructors are experienced nurses with a minimum of masters degree				

(Source: New Mexico Department of Workforce Solutions, Economic Research and Analysis Bureau; Occupational Employment Statistics.<http://www.dws.state.nm.us/eds/EDS200802/PAGE0064.HTM> )

Nursing faculty do not fare well when compared to other academic faculty within the same institutions. The salaries of nursing faculty members are less than geography, math, science and history teachers. This salary difference does not reflect the respective workloads, as full-time nursing faculty members are doing clinical supervision, research, and maintaining clinical practice in addition to academic classroom teaching.

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	<b>Entry</b>	<b>Mean</b>	<b>Median</b>	<b>Experienced</b>
Geography teachers, post sec	\$ 48,150.00	\$ 63,040.00	\$ 61,320.00	\$ 70,490.00
Health specialty teachers post	\$ 40,710.00	\$ 57,760.00	\$ 54,700.00	\$ 66,290.00
Math/Science post sec	\$ 46,290.00	\$ 64,250.00	\$ 62,990.00	\$ 73,240.00
History teachers post sec	\$ 47,570.00	\$ 61,240.00	\$ 61,260.00	\$ 68,070.00

(Source: New Mexico Department of Workforce Solutions, Economic Research and Analysis Bureau; Occupational Employment Statistics.<http://www.dws.state.nm.us/eds/EDS200802/PAGE0064.HTM> )

**ALTERNATIVES**

As stated by Higher Education Department, request each public college or university to forward information on all sources of nursing education funding, including from the funding formula.

**WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

As stated by Higher Education Department, all sources of nursing education funding per each public college and university may not be tracked.

As stated by Health Policy Commission, in New Mexico, faculty shortages are regularly cited as a barrier to increasing nursing school enrollment. There will continue to be an agreement that the primary bottleneck is the faculty shortage. Attempts to meet the projected needs of the nursing workforce in New Mexico will not be met.

PME/svb:mew