# F I S C A L   I M P A C T   R E P O R T

**SPONSOR**  Altamirano          **DATE TYPED**  2/4/05          **HB**

**SHORT TITLE**  WNMU Recurring Nursing Program Needs          **SB**  343

**ANALYST**  Woods

## APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|---|---|---|---|---|---|
| **FY05** | **FY06** | **FY05** | **FY06** | | |
| $584.4 | | | | Recurring | General Fund |

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to the appropriation for Western New Mexico University in the General Appropriations Act.
Relates to HB301, HB177, SB84

**SOURCES OF INFORMATION**
LFC Files

Responses Received From
New Mexico Department of Health (DOH)
New Mexico Health Policy Commission (HPC)

No Response Received From
New Mexico Commission on Higher Education (CHE)

**SUMMARY**

  Synopsis of Bill

Senate Bill 343 – Making an Appropriation to Western New Mexico University for Recurring Nursing Program Needs – appropriates $584,350 from the general fund to the Board of Regents of Western New Mexico University for expenditure in FYs 05 and 06 to fund recurring expenditures of a Bachelor of Science degree in nursing and registered nurse program expansion. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

Significant Issues

DOH notes that there is a severe nursing shortage nationally and in New Mexico. As a rural and frontier state, this is a critical issue for New Mexico. In the 2002–2012 employment projections, the New Mexico Department of Labor forecasts an annual job growth rate of 37 percent for registered nurses.

This growth rate predicts new jobs that cannot be handled by the current nursing workforce. This state projection is consistent with the U.S. Department of Health and Human Services' projection that if the current trend continues, New Mexico's nursing shortage will reach 25 percent in 2005, 36 percent in 2010, and 57 percent in 2020. This is double the national average.

While this program was approved by the NMSU Board of Regents for consideration by CHE, it was not included in the CHE's *2005-2006 Higher Education Funding Recommendation.*

## PERFORMANCE IMPLICATIONS

DOH indicates this bill is consistent with the DOH Strategic Plan in Program Area 9: Administration; Strategic Direction: Achieve excellence and accountability in administration and service. Objective 3: Increase the health workforce supply, in collaboration with other entities in New Mexico.

## FISCAL IMPLICATIONS

The appropriation of $584,350 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

## ADMINISTRATIVE IMPLICATIONS

WNMU would retain oversight of the program.

## CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to the appropriation for Western New Mexico University in the General Appropriations Act.

Relates to HB301 in that HB301 also appropriates $584,350 from the general fund to the Board of Regents of Western New Mexico University to fund recurring expenditures of a Bachelor of Science degree in nursing and registered nurse program expansion. However, HB301 restricts expenditures to FY06, while this bill authorizes expenditure in FYs 05 and 06.

Also relates to SB84 and HB177, both of which seek to appropriate $500,000 from the general fund to the Board of Regents of New Mexico State University in FY06 to increase the number of nursing options in the state.

## OTHER SUBSTANTIVE ISSUES

DOH indicates that the Executive Budget Recommendation proposes to appropriate nursing pro-

gram dollars in a coordinated way to maximize leveraging of the dollars and avoid duplication. This effort would be lead by the Commission on Higher Education and is based on recommendations by the Governor's Higher Education Task Force. DOH further observes:

- The funding appropriated in this bill will be used to expand the Bachelor of Science nursing program. According to the New Mexico Consortium for Workforce Development (NMCWD), one third of NM nurses are over 50 years of age. New Mexico currently produces about 500 new registered nurses (RNs) each year, but continues to experience escalating vacancies in health care facilities.

- Based on New Mexico Department of Labor and Board of Nursing data, 91 percent of the registered nurse workforce is currently employed. As of 2004, New Mexico has increased its registered nurse workforce by 9 percent since 2001. As a direct result of the shortage and nursing vacancies as reported in the New Mexico Consortium for Workforce Development Survey in 2002, 72 percent of the hospitals curtailed services; 38 percent of home care agencies refused referrals; 15 percent of long-term care facilities refused admissions, and public health offices curtailed services.

- Legislative funding for nursing education (baseline and $2 million through the Commission on Higher Education), along with some public/private partnerships, expanded the capacity in basic nursing programs in FY03 and FY04, almost doubling the number of nursing student slots from 559 to 1,115. There were 2,005 qualified students for the 1,115 slots in the state's nursing programs. Twelve of fifteen programs have turned down applicants, or have a 1-3 year waiting list for students to enter the program. The largest barrier to increasing school capacity is a lack of qualified faculty. Nursing faculty positions remain vacant because average faculty salaries are about half that of comparably prepared clinical nurses, and because fewer nurses are choosing a nursing education specialty in graduate school.

- Increasing the production of licensed nursing graduates of New Mexico's nursing education programs was the highest priority of the Nursing Shortage Statewide Strategic Summit convened by the New Mexico Commission on Higher Education (NMCHE) and the UNM Health Sciences Center in October 2002. The fundamental strategy for addressing the shortage is expansion of nursing education programs. The planning team recognized the critical importance of reducing attrition of the professional workforce, but concluded that increasing nursing graduates provides the biggest potential and achievable gains in the near future. The number one priority identified at that time was to double the number of licensed nursing graduates in New Mexico. The second priority was to implement a process and infrastructure to sustain this effort over the long term.

For comparison purposes, HPC adds the following, more general comments regarding the nursing shortage problem:

- New Mexico is below the national average for active registered nurses per 100,000 population (Quick Facts 2004, HPC).

- Nationally, there was a 26 percent decrease of registered nurse graduates between 1995 and 2000 (Health Resources & Services Administration, "Projected Supply, Demand, and

Shortages of Registered Nurses: 2000-2020).

- Recent forecasts speculate a national shortage of 800,000 nurses by 2020 (Bureau of Health Professions, National Center for Health Workforce Analysis, Projected Supply, Demand, and Shortages of Registered Nurses: 2000-2020).

- In 2001, national hospitals reported vacancy rates of 13.0 percent for registered nurses and 12.9 percent for licensed practical nurses (Healthcare Workforce Shortage and Its Implications for America's Hospitals, First Consulting Group, Fall 2001).

- New Mexico has 14,300 registered nurses (RNs) and 3,000 licensed practical nurses (LPNs) with New Mexico addresses. The state is significantly impacted by the nursing shortage with health care institutions having 494 RN and LPN positions they cannot fill (New Mexico Center for Nursing Excellence). The Health Resources and Services Administration (HRSA) predicts that New Mexico will not be able to fill 57 percent of its nursing requirements by 2020.

BFW/yr