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FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/2006
LAST UPDATED 01/30/2006 HJM 20

SPONSOR Garcia, MP

SHORT TITLE Study Nursing School Faculty Salaries SB _____

ANALYST Moser

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY06	FY07		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act
Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Health (DOH)

Health Policy Commission (HPC)

Eastern New Mexico University - Roswell Nursing Program (ENMU)

Board of Nursing (BON)

New Mexico Highlands University (NMHU)

SUMMARY

Synopsis of Bill

HJM20 asks that the Health Policy Commission convene a task force to include representatives of UNM, NMSU, one or more of the nursing programs at community colleges, the New Mexico Center for Nursing Excellence and the Higher Education Department to study solutions to the nursing school faculty salary problem.

The memorial asks that the task force consider the possible benefits of creating an amnesty program for current faculty loan repayment recipients and restructuring the recent expansion funds to be recurring line items in the nursing program budgets.

House Joint Memorial Bill 20 – Page 2

The memorial asks for a report to the legislative Health and Human Services Committee by its Nov, 2007 meeting.

SIGNIFICANT ISSUES

Lack of faculty results in nursing programs inability to met enrollment and graduation targets. Faculty salaries are one component limiting ability to recruit and retain nursing faculty members.

For the past three years, the ENMU-Roswell Nursing Program indicates that it has secured funding from the Department of Higher Education that has been used to provide a 28% increment above salary scale for master's prepared nursing faculty. The funding has been critical to assure recruitment and retention of nursing faculty for the following reasons:

1. Competition from the healthcare industry with average salaries for MSN-prepared nurses ranging from \$55,000-70,000 depending upon the job requirements.
2. Low faculty salaries on the Roswell campus with the starting salary for MSN-prepared nurses averaging \$38,000 per year.
3. Impending retirement for at least 50% of the current faculty within the next five years.

PERFORMANCE IMPLICATIONS

The HPC will be the lead agency for this memorial and indicates that it can staff this adequately assuming that the assigned number of memorials does not go beyond the number assigned to the agency in 2005.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

HJM 20 relates to:

- HB54 (Expand Nursing Program) which appropriates \$2,900,000 with UNM to receive \$300,000 to hire nursing faculty and enroll nursing students and another \$600,000 for NMSU is to be used to increase enrollment in all nursing programs. HB54 also asks for \$2 million to be used statewide for increased faculty positions and salaries and more enrollment in nursing programs.
- SB192 and its duplicate HB190 (Expand NMSU Nursing Programs) which proposes a \$600,000 expansion of the nursing program at New Mexico State University.
- SB94(Nursing Leadership and Retention Programs) provides \$625,000 from the General Fund in 2007 to the Department of Health for nursing leadership and nurse retention programs.

TECHNICAL ISSUES

The HPC indicates that the memorial may have an incorrect figure on page 2, line 3. The memorial states that "a faculty member typically earns two thousand dollars less than the average nursing graduate." This may in fact be the \$20,000 number quoted in SJM37-2005 report from the Health Policy Commission. That report noted that "one of the primary reasons for the lack of interest in faculty careers is the significantly lower pay received by faculty than their peers in direct practice being up to \$20,000 less annually."

OTHER SUBSTANTIVE ISSUES

The HPC indicates the following:

Nationally, “enrollment in entry-level baccalaureate nursing programs increased 13% in 2005, but nursing colleges and universities were forced to turn away 32,617 qualified applicants due to capacity constraints”, according to preliminary data released by the American Association of Colleges of Nursing.

The National League for Nursing “estimates that more than 125,000 qualified applicants were rejected by nursing programs in the 2003-04 academic year, more than 36,000 of those from baccalaureate programs. The high costs associated with nursing programs, the lack of hospital space for clinical work and a shortage of nursing faculty are the most commonly cited reason for limiting the number of students accepted to a nursing program.” Nationally, more than three-quarters of institutions cite a lack of faculty as the reason they turned away qualified nursing applicants.

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.

According to the Center, “The state’s nursing programs continue to face significant challenges: the need for qualified faculty is the most critical. Deterrents to sufficient faculty include funding of faculty positions, the high cost of advanced education required for faculty, and faculty salaries.

- Program expansion is severely limited in how those funds can be used (i.e., funding faculty positions) because of the non-recurring nature of the appropriation.
- National accreditation for full and part-time faculty for nursing education programs requires a Master of Science in Nursing degree and Ph.D. educated faculty for graduate level programs. The UNM College of Nursing has admitted 27 Ph.D. students since

2003. New Mexico State University is proposing a consortium with UNM for nursing Ph.D. education.

- The base pay for masters-prepared faculty is significantly less (approximately \$20,000) than their peers in clinical practice. The need for advanced degrees place faculty in considerable debt.
- The average age of New Mexico’s nursing faculty is 54 years, 5 years older than the national average of 49.
- Strategies for increasing nursing faculty must focus on filling current vacancies, funding faculty positions, replacing faculty as they retire, and educating nurses to become nursing faculty.”

Last year’s 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 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.

Below are some of the SJM 37 recommendations:

- The SJM 37 task force recommended that unique funding formula be developed for nursing faculty to increase their baseline salaries. Nursing faculty positions have to compete with hospital staff positions in terms of salary. Overall salary increases for nursing educators are critical to attract new and retain existing faculty.
- A critical element was funding for the Nurse Educators Fund within the Higher Education Department to enhance the ability of nursing educators to obtain graduate level degrees. The SJM 37 taskforce requested that the funding be made permanent and recurring. The Higher Education Department, in association with professional nursing organizations, establishes criteria for disbursement of funds to include a loan-for-service requirement.
- Another recommendation was to enact legislation to allow for one-time amnesty for private and federal loan repayment-for-service to present teaching faculty. The Higher Education Department will determine criteria for disbursement of funds, to include number of years of teaching service in consideration to the overall amount of student loans.
- Nursing education programs develop collaborative partnerships with private organizations and local businesses to fund nursing faculty, i.e. an endowed chair within a department or staff sharing. Staff sharing programs similar to this have been developed and are shown to be effective at St. Vincent Hospital in Santa Fe and San Juan Regional Medical Center in Farmington.
- Legislation to offer tax incentives for the for-profit health care organizations and others to fund faculty in nursing education programs.
- Assure availability of benefits provided to retired nursing faculty who return to teach on a part-time basis. Regulations must be changed within the Education Retirement Act (ERA) to allow for 90 days to return vs. the current one year requirement, similar to the Public Employees Retirement Association (PERA) change.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

The HPC indicates that the continued inability of the schools of nursing to have enough faculty to produce the needed future nurses for New Mexico. The connection between an absence of nursing faculty and ultimately, increases in health insurance premiums may seem incongruent. However, hospitals and other providers have increased charges to cover, in part, the cost of nursing personnel that are in short supply. Part of the reason for the supply shortage is the shortage of faculty. The rate changes get passed on eventually to health insurance premiums that are increasingly unaffordable. If businesses drop health insurance because of the costs and let their employees become Medicaid eligible, if they are eligible, or become uninsured, then the state ultimately pays for the increase in Medicaid beneficiaries or uninsured. Either way, this is a “pay now or pay later” scenario for the state. Paying now would likely be much less expensive in the long term.

POSSIBLE QUESTIONS

The BON suggests the following questions:

How will funding for the potential need to increase nursing faculty salaries and/or add additional nursing faculty positions be acquired? Identifying a major inadequacy without a mechanism to alter the situation may lead to increased nursing faculty dissatisfaction.

How will potential differences within the organizational structures at community colleges and universities be addressed?

What are the union implications?

GM/mt