

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (legis.state.nm.us). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 01-30-08

SPONSOR King LAST UPDATED _____ HB 493

SHORT TITLE Expand Nursing Programs Statewide SB _____

ANALYST Escudero

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY08	FY09		
	\$5,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB66, HB185, HB253, SB77 and SB104

SOURCES OF INFORMATION

LFC Files

Responses Received From

Higher Education Department (HED)

Department of Health (DOH)

SUMMARY

Synopsis of Bill

House Bill 493 appropriates \$5,000.0 from the general fund to the New Mexico Higher Education Department (NMHED) for expenditure in FY 2009 to expand nursing programs statewide.

FISCAL IMPLICATIONS

The appropriation of \$5,000.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY09 shall revert to the general fund.

For FY09, NMHED has recommended recurring funding of \$8,136,600 to support state nursing programs, which is consistent with FY 2008 funding.

SIGNIFICANT ISSUES

According to HED, the New Mexico Legislature has pursued multiple funding approaches in an effort to address issues with the supply of nursing professionals in the state. The Legislative Finance Committee (LFC) conducted a performance review in 2005 of the nursing program expansion initiatives funded through institutions of higher education. The LFC report, *Higher Education Department: State Funding of Nurse Education and Outcomes*, dated October 27, 2005, suggested the need to develop a statewide strategic plan and financial strategy to assure that the problems are addressed in an effective and efficient manner.

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 nursing programs in the state. The limited supply of teaching faculty has created waiting lists of students to enter nursing programs. Other key areas of concern were identified as:

- Maturing of the nursing work force
- Level of education, how to progress through the educational system
- Nursing education faculty shortages
- Work environment

The task force that prepared the SJM 37 report suggested the following performance measures to help evaluate nursing programs and proposed funding allocations:

- Number of students admitted into nursing programs
- Graduation rates
- Number of students passing the NCLEX examination within six months of completion of the program
- Number of qualified students who applied but could not be admitted due to lack of program capacity

OTHER SUBSTANTIVE ISSUES

As stated by HED, other related information provided by the Health Policy Commission:

- Over 44% of RNs and LPNs are over age 50. This means 44% of the New Mexico workforce will need to be replaced over the next 15 years. In comparison, the national average age of nurses is 46.2 years.
- It was predicted in 2000 that 40% of the national nurse workforce would be over age 50 by 2010. New Mexico 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).
- 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%.

- Data also shows that there are more qualified applicants than were admitted. For the 2004-2005 school year, there were 2005 qualified applicants for 1,115 student slots available.

Legislation has provided funding to address nursing shortages over the last several years, leading to an increase of students enrolled as nursing majors. There has also been an increase in the number of nursing courses provided by state public post-secondary institutions. Several institutions have long-waiting lists for nursing programs and require faculty to expand admissions of nursing students.

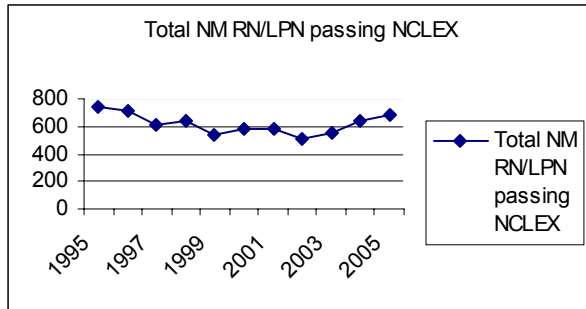
In addition, there are shortages of master-level and Ph.D.-level nurses to teach in the program. Both UNM and NMSU jointly-offer Ph.D. programs and offer MSN programs, but require new faculty for those programs.

According to DOH, HB493 is based on the recommendations of 2 reports:

1. Response to Senate Joint Memorial 37 (SJM37) of the 2005 Legislature, which requested a study of the impact of nurse staffing and retention issues on workforce development; and,
2. Response to House Memorial (HM) 17 of the 2007 Legislature, which requested recommendations to increase nurse recruitment and retention in New Mexico hospitals. The federal Health Resources and Services Administration (HRSA) predicts New Mexico will not be able to fill 57% of its nursing requirements by 2020.
 - As of 2006, there are 15,168 registered nurses (RNs) and 2,916 licensed practical nurses (LPNs) with New Mexico residency. The New Mexico nursing workforce has increased by 3% from 2006.
 - However, over 46% of RNs and LPNs are over age 50 (up from 41% for RNs and 43% for LPNs in 2004). Data also show that it was predicted in 2000 that “40% of the national nurse workforce would be over age 50 by 2010.” New Mexico 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).
 - The fact sheet states that “92-95% of nurses are working in nursing” (91% in 2004) and “72% of the NM RN workforce are currently employed in nursing full time.” The New Mexico Department of Labor predicts “the state will need an additional 4,520 RNs and 680 LPNs by 2012.”
 - The data suggest that the largest constraint to nursing program expansion is qualified faculty. The fact sheet also states: There is little data on the nursing workplace environment and retention, such as vacancy rates and turnover rates (Center for New Mexico Nursing Excellence Fact Sheet, 2007).

Status of Nursing Education

- NM nurse candidates (RNs & LPNs) passing NCLEX (licensure exam) July 1, 2005 – July 1, 2006): 679. This is an increase of 16% since 2000.



This increase reflects New Mexico nursing education programs' ability to increase capacity and the impact of additional funding targeting expansion initiatives.

DUPLICATION, CONFLICT, COMPANIONSHIP OR RELATIONSHIP

As stated by DOH, HB493 relates to:

- House Bill 66 (HB66) which would appropriate \$100,000 from the General Fund to the Board of Regents of New Mexico State University for expenditure in fiscal year 2009 (FY09) to expand the Carlsbad Campus Nursing program.
- House Bill 185 (HB185) which would appropriate \$2,237,000 from the General Fund to the board of regents of the University of New Mexico for expenditures in fiscal year 2009 (FY 2009) for the college of nursing to expand enrollment and alleviate the shortage of nurses in New Mexico.
- House Bill 253 which would appropriate \$200,000 from the General Fund to the Higher Education Department to expand the accelerated nursing program at Santa Fe Community College.