

SUBJECT: Revising the Professional Nursing Shortage Reduction Program

COMMITTEE: Public Health —favorable, without amendment

VOTE: 11 ayes — Kolkhorst, Naishtat, Coleman, J. Davis, Gonzales, Hopson,
S. King, Laubenberg, McReynolds, Truitt, Zerwas

0 nays

WITNESSES: For — Susan Sportsman, Texas Nurses Association; Dan Stultz, Texas Hospital Association; (*Registered, but did not testify*: Ed Berger, Seton Family of Hospitals; Raif Calvert, Independent Colleges and Universities of Texas; Amy Casso, Noelia Flores, La Fe Policy Research and Education Center; Mazie Jamison, Children's Medical Center Dallas; Elizabeth Lippincott, CHRISTUS Santa Rosa Health Care; Andrew Smith, University Health System; Bryan Sperry, Children's Hospital Association of Texas; Gentry Woodard, Catholic Health Association of Texas, St. Joseph Health System; Chris Yanas, Teaching Hospitals of Texas)

Against — None

On — Chris Fowler, Texas Higher Education Coordinating Board

BACKGROUND: In 2001, the 77th Legislature established the Professional Nursing Shortage Reduction Program in Education Code, sec. 61.9622 to increase the number of graduates from professional nursing programs, including the percentage that graduate within a reasonable time, and the number of graduates from master's and doctoral nursing programs who join the faculty of a professional nursing program.

Education Code, sec. 61.9623 requires that, in order to receive a grant from the Professional Nursing Shortage Reduction Program, a nursing program must use the funds to increase student enrollment, provide nursing faculty enhancements, develop and implement methods to make the most effective use of limited nursing faculty, or encourage the recruitment and retention of bilingual students.

Education Code, sec. 61.9621 defines “professional nursing program” as an educational program for preparing students for licensure as registered nurses.

DIGEST:

HB 4471 would require the commissioner of higher education to enter into a memorandum of understanding (MOU) with the governing institution or board of a professional nursing program regarding the distribution of funds to the nursing program based upon graduating additional students prepared to be licensed as registered nurses (RNs). The MOU would establish the number of additional students a professional nursing program would be required to graduate and would identify benchmarks for determining progress toward graduating additional students. An institution would be required to expend funds received on costs related to its professional nursing program, including those listed in Education Code, sec. 61.9623.

If a participating program failed to graduate additional students as agreed or did not meet a required benchmark, the commissioner could:

- require the institution to return any unspent funds;
- withhold future payments required by the MOU;
- re-negotiate the MOU; or
- cancel the MOU.

HB 4471 would allow the commissioner to enter into a MOU with individual institutions or boards or to enter into a single MOU with multiple institutions desiring to cooperate on a regional or joint basis to graduate additional RN students. The coordinating board would have to establish a process to allow newly created professional nursing programs to participate and receive funds by establishing a base for calculating increases in enrollment or graduates, if necessary.

The bill would amend the definition of “professional nursing program” in Education Code, sec. 61.9621 to mean an education program of an institution of higher education, including a private or independent institution of higher education, for preparing students for licensure as RNs. However, the bill would allow any program that was eligible before September 1, 2009, to receive funds from the Professional Nursing Shortage Reduction Program to remain eligible for funding if all criteria for participation other than being an institution of higher education were met.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2009.

**SUPPORTERS
SAY:**

HB 4471 would allow the commissioner of higher education to enter into MOUs with nursing schools in order to set goals and benchmarks geared toward increasing the number of graduates prepared to work as RNs and to provide funding at the outset to achieve those goals. The bill would further the state's efforts to encourage more people to enter the nursing profession and ensure that there are adequate nurses to serve Texans in the future.

Texas continues to face a critical shortage of registered nurses. The state currently lacks 22,000 nurses and, if this trend continues, would have 70,000 fewer nurses than needed in 2020. The demand for nursing services is expected to increase as the Texas population ages and more of the aging nurse population retires. Despite the shortage, nursing schools are turning away thousands of qualified applicants each year. In 2008, Texas nursing schools turned away 8,000 qualified applicants.

Since its establishment in 2001, the Professional Nursing Shortage Reduction Program has seen a consistent increase in funding by the Legislature to reward schools who increase graduation rates, the benefits of which can be seen in the almost 31 percent increase in nursing degrees and certificates granted between 2000 and 2006. The grant programs are working, but the education programs simply do not have sufficient resources to enroll the number of students the state will need in the future.

HB 4471 would provide incentives for schools to increase the state's supply of nurses at the beginning and the end of the education process. In the past, incentives have only been provided based on the number of graduates a school produced, or on the "back-end" upon graduation. However, the major cause for the nursing shortage is a lack of faculty to train new nurses. Practicing nursing is much more lucrative than teaching nursing. Therefore, funding is needed on the "front-end" to hire more faculty to increase the number of students a school can teach and, thus, begin truly to increase the number of graduates a school is capable of producing.

For example, the bill would allow a school to go to the coordinating board with a goal or a proposed number of increased graduates and the number of faculty members needed to achieve the goal. Upon agreement by the

board, the school would receive the funding needed to hire the new faculty immediately, and, therefore, enroll more students immediately, resulting ultimately in more graduates.

HB 4471 also would promote economic development. Nursing jobs are great jobs with excellent pay and benefits that are virtually recession-proof, as the need for nurses is constant. Yet the state's nursing shortage is so critical that, in recent years, employers have actively recruited out-of-state and even out-of-country. These are good jobs that could have gone to Texans. The marketplace cannot fix this issue because the jobs are there and the demand for the jobs is there as evidenced by the number of qualified applicants nursing schools have turned away. The problem is that the schools simply cannot accommodate the number of individuals desiring to be RNs because they do not have the faculty to teach them.

The bill would strengthen the MOUs by requiring, in statute, that benchmarks be established that, if not met, would require schools to return unspent money, allow the coordinating board to withhold future payments, or renegotiate or cancel the MOU. The issue requires a statutory remedy because the higher education portion of Article 3 of the general appropriations bill is the only budget area that does not use specific strategies to achieve outcomes but provides lump-sum appropriations, thereby allowing universities generally to use funds as they see fit. The bill would ensure that funds appropriated to the Texas Higher Education Coordinating Board for fiscal 2010-2011 to address the nursing shortage were indeed used for that purpose.

HB 4471 would be a permissive measure allowing the higher education commissioner to enter into MOUs with nursing schools that choose to participate. Some specifics within the MOUs, such as when funds would be dispersed, would follow the guidelines established in Rider 35 of the Texas Higher Education Coordinating Board bill pattern in the House-passed version of SB 1, the general appropriations bill. In other areas, the bill's provisions are intentionally broad regarding the MOUs so that each agreement could be designed to address the unique needs of the participating school.

The goal of the bill and the MOUs is to increase the number of nursing graduates. However, different schools may take different paths to reach that goal. Therefore, HB 4471 would allow each nursing school to decide how to increase graduates, go to the coordinating board, make an

agreement, and receive funding to initiate their individualized plan. For example, while increasing faculty would likely be a goal for the majority of schools, another school may have only a 30 percent graduation rate, so that addressing the need for retention counselors would be more appropriate.

**OPPONENTS
SAY:**

HB 4471 would not go far enough in specifying the requirements of the MOUs. The bill's language is vague and would leave important areas unclear and lacking in legislative guidance and requirements, such as what funds may be expended for and when funds would be dispersed.

NOTES:

Rider 35 in the Texas Higher Education Coordinating Board bill pattern in the House-passed version of SB 1, the general appropriations bill, would appropriate to the Professional Nursing Shortage Reduction Program \$24.8 million per year for fiscal 2010-2011.