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THE ROLE OF STATES IN FINANCING NURSING EDUCATION

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Introduction

Across the United States, hospitals and nursing homes are experiencing shortages of nurses in unprecedented numbers, resulting in closure of hospital units, rescheduling of elective surgeries, and reductions in nursing home beds. These shortages are having an impact on the quality of patient care (*Buerhaus, 2002; GAO, 2001, Nursing's Agenda for the Future, 2002*). A recent study reports that higher proportion of care provided by registered nurses (RNs) is associated with shorter length of stays and lower rates of adverse health outcomes (*Needleman et al., 2002*). The situation has reached a crisis in some states, where short-term, immediate solutions range from importation of foreign-educated and trained nurses to recruitment incentives such as signing bonuses and the chance to win a new car. Many states, such as California, New York, Pennsylvania and Texas, have begun looking at workplace conditions as a starting point to address the shortage, while still others are focusing on the attractiveness and promotion of the profession to increase the workforce.

Another important strategy used by states to address nursing supply looks to the educational pipelines preparing the next generation of licensed practical nurses and professional nurses. This paper will explore the current framework for state financing of nursing education and describe some of the strategies used or considered by states to provide enhanced funding for these programs.

First, an overview is provided of nursing degrees and the structure of nursing education.

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Nursing Degrees

Licensed Practical Nurses (LPNs) (referred to as licensed vocational nurses—LVNs—in California and Texas) care for the sick, injured, convalescent, and disabled under the supervision of a physician or registered nurse. LPNs “provide basic bedside care, may give injection or medications, change dressings, evaluate patient needs, implement care plans, and supervise nursing assistants” (*Southwest Georgia Area Health Education Center, p.61*).

Professional or Registered Nurses (RNs) are those nurses who have obtained the initial professional license of Registered Nurse. RNs “interpret and respond to patient symptoms, reactions, and progress” in a variety of settings, including specialized areas such as intensive care, obstetrics, and public health. “They teach patients and families about proper health care, assist in patient rehabilitation, and provide emotional support to promote recovery. RNs use a broad knowledge base to administer treatments and make decisions about patients” (*Southwest Georgia Area Health Education Center, p.67*).

Structure of Nursing Education

Educational Program Leading to Licensure as a Practical Nurse (LPN)

After completing a one-year educational program, practical nurse program graduates are eligible to sit for the National Council (of State Boards of Nursing) Licensure Exam for Practical Nurses (NCLEX-PN). Approximately 1,152 state-approved LPN programs were offered in 2000 in the United States (*National League of Nursing, 2003*).

Educational Programs Leading to Initial Professional Licensure (RN)

There are three (3) routes of eligibility to sit for the National Council Licensure Exam for Registered Nurses (NCLEX-RN)—the licensure exam required for entry into practice as a RN:

- Diploma nursing programs are two-to-three-year hospital-based programs that prepare students to deliver direct patient care in hospital settings. Some of these programs are affiliated with community and technical colleges. Diploma programs have declined in number from 800 about 20 years ago, to under 100 today. In 2000, there were about 66 Diploma programs (*NLN, 2003*).
- Community and some technical colleges offer Associate Degree in Nursing (ADN) programs that prepare students, typically in two to three years, to provide direct patient care in a variety of settings. In 2000, there were 880 ADN programs (*NLN, 2003*).
- Bachelor’s Degree in Nursing – Entry Level programs are four-year programs that prepare students to practice in all health-care settings. There are 569 institutions in the U.S. and its territories that offer generic (entry level) programs (*American Association of Colleges of Nursing, 2003*). There are two types of entry-level programs: generic and accelerated. Generic programs admit students with no previous nursing education and award a baccalaureate of nursing (BSN) degree. Accelerated programs for non-nursing college graduates admit student with baccalaureate degrees in other disciplines and no previous nursing education and award a baccalaureate nursing degree. Accelerated programs are offered by 105 institutions (*AACN, 2003*). Baccalaureate programs are commonly administered in four-year colleges and higher degree institutions.

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Educational Programs Leading to Advanced Professional Licensure (RN)

- *Bachelor's Degree in Nursing – Non-Entry-Level* programs admit RNs with associate degree or diplomas in nursing and award a baccalaureate nursing degree. There are 620 schools that offer RN-to-baccalaureate (RN completion) programs (AACN, 2003)

Advanced Education

- *Master's degrees in nursing* programs prepare students for education, management, and advanced practice roles (NLN, 2003). Practicing nurses who wish to become an advanced practice nurses, or desire more advanced nurse education in a clinical specialty, may choose to enroll in a Master of Science in Nursing (MSN) program with a specialization in their chosen area of interest (e.g., family nurse practitioner, acute care clinical specialist), or a track in their chosen function (e.g., educator, health policy, ethics, administrator). Most of these students will have already earned their BSN degree and a majority will already be licensed to practice nursing. There are 398 institutions offering master's degrees in nursing in the U.S. and its territories (AACN, 2003).
- *Accelerated Master's programs* are available for individuals who have completed baccalaureate or other graduate degrees in fields other than nursing. These programs include 12 months of intensive nursing education, whereby the student is eligible to sit for the NCLEX-RN. Upon passage of the NCLEX, the student then continues with the master's portion of the program to complete their chosen specialization. There are 34 institutions offering accelerated Master's programs in the U.S. and its territories (AACN, 2003).
- *Doctoral degrees in nursing* (i.e., PhD, DNS, DNSc) represent the terminal degree in the field. There are 83 institutions offering doctoral degrees in nursing, including six institutions that offer one joint degree program under a collaborative arrangement (AACN, 2003). In most public large universities and academic health centers, nursing faculty must have an earned doctoral degree to teach in masters and doctoral-level programs. It is this cadre of faculty who are most often engaged in nursing research and the advancement of nursing sciences.

Importance of Spending Scarce State Resources on Nursing Education

Recently, cash-strapped states have had to make difficult choices regarding the priorities for their limited appropriations. Many states have had to resort to one-time, short-term savings or cost-avoidance strategies to reduce and eliminate projected budget deficits. There are many reasons why reduction or elimination of state support for nursing education should be considered only as a last resort. High among them are the long-term nature of producing the nurse workforce, the need to maintain or increase nursing faculty, and the increase in life expectancy of the U.S. population.

The pipeline from enrollment to graduation as a professional nurse takes a minimum of two-to-three years of full-time study for an associate degree in nursing and up to four years of full-time study for a baccalaureate nursing degree. It is widely recognized that the supply of the next generation of nurses is not sufficient to replace the clinical nurse workforce lost through retirements or changing of professions. It would take several education and funding cycles to return to current production capacity if class sizes were reduced due to

cuts in appropriations to nursing programs. This effect would result largely from laying off current nursing faculty, who once terminated would look elsewhere for employment.

As their own pipeline, nursing faculty suffer from both a disproportionately high number of projected retirements and the lack of a new generation of nursing faculty ready to replace the depleted ranks. The pipeline for doctoral-prepared faculty assumes a large enough pool of baccalaureate or masters prepared nurses seeking to enter terminal degree programs, which are required for teaching masters and doctoral nursing students. The time from enrollment to graduation of doctoral-prepared nurses averages 5.5 years for full-time study, in addition to the time for earning the baccalaureate degree. Many nursing programs already have faculty shortages, and reducing state appropriations to these programs would exacerbate a critical situation. As a result of the nurse faculty shortage, many qualified individuals are being turned away from some nursing programs.

The states' budget crises have occurred at the time when the nurse workforce is in jeopardy. Hospitals and long-term care facilities are seeking greater numbers of qualified nurses, and nurse education programs are short qualified faculty. Reduced state support could also diminish the supply of nurses for the mid term and reduce the nurse education capacity for the long-term, just as the demand for nursing care from a growing aged population is expected to increase as more people live longer, require and demand more care, experience an increased severity of health conditions, and put greater strains on an already stressed health-care system.

Expanding Institutional Capacity

Many states are addressing the nursing shortage by trying to expand enrollments in their nursing schools. Expansion of these programs faces at least one significant obstacle—the recruitment of additional faculty. A recent study suggests that a steady rise in average faculty age, the shortening of the time to retirement, and the increased loss of younger faculty to non-education positions will bring the nurse faculty shortage to critical stages in a less than a decade (*Berlin and Sechrist, 2002*). In one state, **Oregon**, it is estimated that between 33 to 46 percent of current nurse faculty will retire by 2010 (*AACN, 2002*). Most states are assumed to be facing similar situations.

Nursing programs in all sectors are now expanding faculty capacity through employment of part-time clinical faculty to augment their full-time faculty. This is being done largely to meet demands of increased class size, additional student cohorts, and state-required low faculty-to-student ratios. Although the use of non-nursing faculty to teach nursing students is a reasonable option, anecdotal reports suggest that non-nursing faculty are generally not the faculty of choice hired by many nursing programs. Moreover, in all sectors in nursing education, clinical education is more expensive than didactic education, largely because of the low faculty-to-student ratio (typically 1:8-10) required in the clinical setting.

Supply of faculty is the most critical constraint for expanding the class size of nursing programs, and the ratio of faculty-to-students typically dictates the capacity of these programs. This ratio is regulated by state nurse licensure boards or accrediting organizations and in effect sets the ceiling of the 'class size' of the clinical experience.

Faculty at community colleges, small public colleges and universities, and large public universities tend to be employed under nine-month contracts, with no or little opportunity for summer teaching. Part time or adjunct faculty are also employed to teach by the course or by the semester. At public academic health centers, however, nursing faculty typically are employed under 12-month contracts, and may be better able to accept an additional cohort of students or offer an accelerated program by holding some required courses during the summer.

For a limited time, a few states, such as **California** and **Texas**, have appropriated additional funds (above base appropriations for higher education) to expand faculty, and thus increase student enrollment, in existing nursing programs. These monies have not been distributed to nursing programs across the board, but on a competitive or performance basis. In California, new funds were distributed through a peer reviewed competition (Nurse Workforce Initiative). Additional funds in Texas were made available through a peer reviewed, competitive grant program (Innovation Grants). Other monies were distributed based on the difference between prior year and current year semester credit or contact hour enrollment for additional RN preparation only (Dramatic Enrollment Growth Funds).

Increasing Student Financial Access

While some states have been addressing the nurse shortage by expanding institutional capacity, others have exercised approaches that will not necessarily add to the supply but may improve the distribution and diversity of the nursing workforce. Such efforts are designed to enhance access to education for potential students and eliminate one of the most serious obstacles for students trying to complete a degree program—the student's cost of education. The average baccalaureate graduate leaves a public nursing school with a \$14,600 educational debt (\$16,100 for private nursing school graduates), often to enter into a hospital-based, general staff nurse position earning a median annual salary of \$45,268 (*www.salary.com, May 2003*). The annual salary nationwide for general staff nurse positions ranges between \$42,000 and \$48,000.

In addition to the level of debt burden experienced by many nursing graduates, student loans are not typically part of the culture of many non-traditional students who shy away from debts of any kind. Yet, defraying immediate student-related costs through scholarships and loans, and having educational debt forgiven in exchange for practice in an underserved community or facility for a specified period of time, are attractive benefits for current and potential nursing students, especially for non-traditional nursing students. These programs contribute to the student's ability to progress within the degree program, and ultimately help the state replenish its nursing workforce.

According to a July 2002 survey by the HRSA Regional Center for Health Workforce Studies in New York, 29 states have scholarship, loan, and/or loan forgiveness programs targeted to RNs (*HRSA Regional Center for Health Workforce Studies, 2002*). These programs are an effective distribution strategy to place nurses in underserved communities and priority safety net facilities. Loan forgiveness programs provide loans to eligible students who contract to practice in an underserved community or facility upon completion of their degree programs. For each year of service, a state-specified portion of

the loan will be cancelled. Loan repayment programs require the student to obtain a loan from a third party. The state does not service the loan. The loan agent of eligible graduates receives a state-specified amount after the graduate has completed a year of service in an eligible location or facility. State-supported loan repayment programs mirror the HRSA Nurse Education Loan Repayment Program (NELRP). Loan repayment amounts may be matched by NELRP monies for eligible nursing graduates.

Financing Mechanisms and Opportunities for States

General Revenue Support

To expand the nursing workforce, state legislatures in the 1950s began providing support to nursing programs offered at public higher education institutions. A variety of mechanisms were used to appropriate funds. In many states, funds were allocated to an institution as a block grant to support other disciplines (e.g., mathematics, biology, and English) along with nursing. The amount of these block grants was loosely based on the historical and actual costs for existing faculty and academic programs, plus a percentage for support services and academic administration. Grants were increased incrementally on an annual basis to account for inflation but not program growth. Once grant funds arrived at a college or university, local institutional policies and procedures determined the allocation of the block grant among the schools, colleges, and departments within the institution.

Formula Funding

Officials in many states became convinced of the need to develop a mechanism that would more objectively and equitably distribute state funds to educational institutions that taught similar disciplines but had different missions. Several states have established formula-funding systems to allocate appropriated funds. Input factors used in the formulas include: student headcount; contact, quarter or semester credit hours generated by a prior cohort of students; disciplines being taught; and level of degree (including specificity between lower-division and upper division baccalaureate coursework). Few states have implemented a formula system based on outcomes, and no institution is currently allocating funds based on the number of nursing graduates produced.

Two nationwide surveys of state higher education finance officers in 2002 (*see Appendices A and B*) found, based on the formulas described above, that generated formula amounts commonly are appropriated in a block grant to the educational institutions or systems, where the institutions, schools, departments and degree programs must compete for their share of the funds. In general, there is no requirement that schools or programs—whose prior enrollments, semester credit hours, or costs generated the formula amount—will realize those revenues in their budgets. Discretion is left to the chief executive officers of the colleges, universities or systems with the approval of their governing boards (*Texas Higher Education Coordinating Board, 2002*).

In some states, average costs for all disciplines are funded in the formula. There is no differentiation in the formula funding generated for nursing than for history or English.

In these states, low-cost degree programs tend to subsidize high-cost degree programs. The state has to be concerned only with funding new students on an average cost basis. In other states, although the cost differentials are recognized, there is no guarantee that the higher costing disciplines receive all of the appropriations their programs generate. (This is typical of nursing programs where the required faculty/student ratio is low, and equipment and laboratory costs are high.) Some of the funds generated by these programs are used to subsidize new programs in other fields or other revenue streams that currently do not receive funding. There are no known recent efforts to study and determine the cost of nursing education across programs on an aggregate basis.

Emerging Financing Approaches

Despite the predominance of these long-held approaches, several states have explored various new methods of finance, other than general revenue, for supporting nursing education. These include innovative uses of funds targeted for enrollment growth, economic development, tobacco settlement monies, and state-appropriated federal dollars.

Texas' Dramatic Growth Funds

Because higher education formulas are based on prior-year enrollment data, they do not generate funding to support the *normal* growth that occurs naturally between academic years. Nor do they support *planned* growth, such as planned class size expansion in some nursing programs.

To address concerns about nursing shortages and demand for additional state resources, Texas lawmakers in 2001 sought to provide new general revenue to expand nursing enrollments in the state's community colleges, universities and health science centers. The legislature identified an existing \$11.3 million in FY2002 funds earmarked as Dramatic Growth funds for normal enrollment increases. "First claim" of those funds was given to RN training programs that demonstrated from FY2000 to FY2001 increased contact hours above five percent for community colleges, increased weighted semester credit hours for universities above three percent, and increased student full-time equivalents for health science centers. An additional \$11.3 million enrollment growth fund for FY2003 was subject to the same "first claim" priority for nursing programs that could demonstrate continued growth at twice the growth rates required the prior year, but calculated from FY2000 to FY2002. Consequently, up to \$22.6 million could be spent on enrollment growth for professional nursing programs during the biennium, of which \$1.5 million was specifically dedicated for this purpose. Recent state budget shortfalls have forced the legislature to alter or severely curtail funding for many of these funds.

Georgia's Intellectual Capital Partnership Program

One of Georgia's economic development programs operated by the University System of Georgia is the Intellectual Capital Partnership Program (ICAPP) (*Georgia Student Finance Commission, 2002b*). ICAPP was implemented to provide Georgia's industries experiencing a workforce shortage with one-stop access to the System's educational programs, faculties and facilities. ICAPP's initial focus was on computer science, which

allowed eligible students enrolled in the System's computer science degree programs to receive service cancelable loans. Loans help pay expenses for students while they participate in the ICAPP program, and amounts depend on the salary that the employer commits to pay the ICAPP graduate.

Recently, nursing and other health professions have been added to the shortage fields selected and approved for ICAPP support by the System's Board of Regents. In 2002, \$2.1 million in core state funds was matched by \$2.5 million in corporate funds (primarily hospitals) to support health professions students, faculty, equipment and laboratories. By 2004, about 500 new nursing graduates expect to be hired by sponsoring corporations (*www.ICAPP.org*).

Tobacco Settlement Funds

Nevada. Using some of its tobacco settlement funds, Nevada has established the Trust Fund for Public Health. In 2001, the legislature appropriated funds from the Trust Fund to support a loan program for nursing students. The lesser of either 25 percent of the Trust Fund proceeds or \$250,000 is appropriated annually for this loan program. In July 2001, the appropriation was \$96,000.

Texas. Texas has established an innovative grant program and a faculty overload grant program with proceeds from one of its endowments created with tobacco settlement funds. In FY2002, \$2.4 million was distributed to 32 nursing programs at hospitals (diploma programs), community colleges, four-year colleges and universities and health science centers. Another \$1.5 million was distributed on a prorated basis for faculty overloads.

Virginia. One million dollars in tobacco settlement funds were recently appropriated by the legislature for undergraduate college education in the South and Southwest parts of the state. Although some of these funds were likely to support nursing students, none of the funds were earmarked specifically for nursing education.

Workforce Investment Act Funds

Funds from the Workforce Investment Act (WIA) administered by the U.S. Department of Labor are distributed to all states and re-appropriated by the states to support worker training programs for entry-level occupations. Many of the program's recipients are displaced workers or those enrolled in welfare programs. States are actively working to help these individuals secure employment through training or retraining. Among the job classifications targeted for the training programs are nurse aides and practical nurses. Some states have expanded the job training beyond entry-level positions and include professional occupations as well.

California. In 2002, Governor Gray Davis led his state's lawmakers to adopt a statewide strategy—the Nurse Workforce Initiative—intended to expand education, training and preceptorship opportunities in hospitals, community colleges and the California State University System, and create regional workforce collaboratives between community colleges and components of the State University System components. Supported by WIA funds, the Nurse Workforce Initiative is not limited to professional nurses, and includes

certified nurse assistants and vocational nurses. A total of \$60 million over three years was originally earmarked for this initiative. Significantly less funding has actually been distributed.

Washington. Washington's Workforce Training and Education Coordinating Board in 2002 convened, at the request of the legislature, a Health Care Personnel Shortage Task Force to address the statewide shortage of health care personnel. The Task Force was charged with identifying ways to increase education and training program capacity for health care personnel, improve student recruitment into health careers, and recommending modifications to state regulations and statutes to help alleviate the shortage. With special attention to the nursing workforce, the Task Force's December 2002 report to the legislature calls on the state to provide additional funds to health care training programs to expand capacity, increase compensation to faculty and expand clinical training opportunities.

Medicaid Reimbursement to Support Graduate Nurse Education

Most state Medicaid programs voluntarily pay for graduate medical education (GME) as part of their service payments to teaching hospitals in ways similar in methodology to how Medicare pays for physician training. Medicaid programs in as many as 12 states¹ also allow or require that such payments be directed to support clinical training of graduate nurses in programs affiliated with or operated by teaching hospitals. This precedent provides the opportunity for Medicaid in many states to pay for graduate nursing education, particularly if a state uses the intergovernmental transfer of state funds to capture additional federal Medicaid matching funds for this purpose.

Lottery Funds

Several states have established lotteries with their proceeds restricted to specific state programs and activities. Although most of these restrictions have been dedicated to public education, no state has yet targeted these funds solely to professional nursing education.

Georgia has been aggressive in carving out a portion of these funds for higher education, including for nursing education, through its Helping Outstanding Pupils Educationally (HOPE) Scholarship Program, and its Service Cancelable Loans program. The HOPE Scholarship Program, established in 1993, is funded entirely through the Georgia Lottery (*Georgia Student Finance Commission, 2002a*). Eligible Georgia residents who enroll in state college, university or technical college may receive financial assistance for tuition and certain mandatory fees plus a \$300 book allowance, or up to \$3000 annually for those enrolled in an eligible private college or university in the state.²

States may also consider dedicating a portion of lottery earnings for a limited period of time to establish a scholarship endowment fund or an endowment fund to augment and support grow-your-own nursing faculty efforts. Although interest groups eye lottery funds to provide financial support for a myriad of services, using only a portion of these funds for a limited time would allow certain groups to support the short- or medium term assignment of these funds to address the critical shortage of academic and clinical nurses.

In 1999, Texas created such an alternative use for lottery-related funds. Unclaimed lottery winnings are deposited into an indigent care account at the time collection of winnings expire for redistribution to hospitals that provide such care. A similar endowment account could be created by states to fund nursing scholarships or improve nursing faculty salaries. These additional resources would make nursing education and grow-your-own faculty programs more attractive and affordable for nursing students.

Dedicated State Appropriations

None of the respondents to the Texas Higher Education Coordinating Board surveys indicated that their state now provided direct line item appropriations to specific nursing programs. The reason typically given was that there is no state law providing for earmarks or categorical funding for nursing education (*Texas Higher Education Coordinating Board, 2002*). Nursing education officials are often frustrated to learn that even when their states have established special appropriations for nursing, their programs have not always received the full amount generated by or allotted to their programs. Current state appropriations may provide lump-sum amounts to systems or institutions sponsoring nursing programs with the assumption that some of these funds will be allocated within the institutions to support nursing education.

Most state legislatures have the option to establish dedicated line items for nursing within their appropriations for higher education. These line items could be time limited and require nursing programs to demonstrate specified levels of performance to continue—having these funds protected from encroachment of other institutional programs. Future dedicated appropriations could also depend upon successful performance.

Although this approach would reduce an institution's flexibility in allocating its resources, it may ensure the continued viability and potential growth of publicly funded nursing education. Nursing education would not be relying solely on special program funds—created by their legislatures, but would enjoy for a limited time a level of base funding and be assured that new monies generated by their enrollments would be returned to their programs to enhance quality and expand class size.

Conclusions

Significant budget shortfalls that now exist in most states are offering new challenges to traditional public support of nursing education. Pressure to expand nurse education—through both enhanced capacity at training institutions and increased financial access for students—is in direct competition with many worthy state priorities. Most states currently have little opportunity to apply new general revenue to nursing education, and have limited flexibility to redirect existing general revenue to meet the needs of nurse education and training.

Most states addressing the nursing shortage through nursing education and training have appropriated little additional funding to nursing programs beyond what they already provide to institutions of higher education. These states have largely focused their attention on development of recruitment incentives for potential – and continuing –

nursing students. The programs usually receiving increased general revenue support include student scholarships, loans, and forgivable loans targeted to nursing students and to those graduates who agree to practice in underserved areas upon graduation. These programs directly assist nursing students by lessening the financial burden of their educational cost. Often, these programs are a sufficient incentive to attract qualified students who might not have chosen nursing as a career. Several of these programs have proven track records for recruiting and retaining students, as well as for placing nurses in communities where they are most needed. However, the ability to attract more qualified students to existing nursing programs cannot be met without increasing these programs' capacity to absorb additional students.

Most nursing programs already generate substantial revenue through tuition and fee charges to students. However, in some states, such as **California**, most of the tuition and some of the fee revenue is retained by the parent institution. In other states, such as **Texas**, tuition and certain fee revenue is offset by reductions in the total amount of general revenue appropriated to the parent institution. Some states may consider allowing nursing programs to retain the tuition and fee revenue they generate—without a corresponding offset in general revenue—as an incentive for increased enrollment and mechanism to pay for the additional faculty, equipment, financial aid, and other student support costs associated with increased enrollment.

The growing faculty shortage also affects the ability of many nursing programs to increase student enrollment. Some proposed solutions include increased federal and state funding for individuals seeking advanced degrees for roles as nurse educators, increased joint appointments with clinical entities, aggressive marketing campaigns to interest more BSN and MSN prepared nurses in faculty careers, and offering retention incentives to current faculty (*AACN, 2002; Hinshaw, 2001*).

As a result of the confluence of the current economic conditions and the nurse workforce crisis, some states might be best served by examining how state-appropriated federal funds could be better directed to enhance and expand existing nursing education programs. Using state matching funds to capture additional federal Medicaid funds may be an effective strategy in many states to strengthen public support for graduate nursing education, particularly if these funds are directed largely to preparing additional nurses for clinical teaching.

States such as **Florida** and **New York** are also looking at federal programs such as Temporary Assistance for Needy Families (TANF) as one of many options for leveraging state resources for workforce training and targeting nursing as a good option for TANF clients. The **Virginia** Employment Commission has identified potential funding sources for its programs and activities to address the nursing shortage, and is targeting participants in the Foods Stamps Employment and Training Program to enter the nursing workforce (*Virginia Workforce Council, October 1, 2001*). In prior years, these participants might not have been so boldly solicited; but in current times, states are more creative in regards to funding streams and outreach to non-traditional students.

A growing number of states are vigorously engaging in partnerships to address the nursing shortage with nurse employers as well as with the federal and local governments. Below are some examples:

- State support of **Virginia's** John Tyler Community College is enabling Richmond area hospitals to enter into a partnership to train an additional 20 nursing students at the College. The initial \$500,000 in matched funds are being used to cover salaries for additional faculty, classroom expansion, and scholarships.
- The Hospital Corporation of America and the U.S. Department of Labor each has contributed \$5 million in scholarships for workers displaced by the tragic events of September 11, 2001. Some of these funds may be used to support nursing education in **Georgia, Maryland, New York, New Jersey, Pennsylvania, Virginia** and **Washington, D.C.**
- In **Utah**, several hospitals have invested in educating more nurses. Partnerships between the University of Utah College of Nursing and the University Hospital and an area private hospital has resulted in each hospital contributing \$500,000 and \$100,000 respectively, to expand baccalaureate nursing enrollment. In addition, the state's major hospital system—Intermountain Health Care—has partnered with Salt Lake City Community College to educate additional associate degree nurses (*Utah Nursing Education Initiative, 2002*).
- Several **Georgia** hospitals recently have contributed funds to nursing schools for nursing scholarships, faculty salaries, tuition reimbursement, laboratory supplies and other educational resources. From FY1999 through FY2002, these hospitals provided over \$21 million in educational support for nursing students and programs (*Georgia Hospital Association, 2002*).
- The Health Care Summit Commission in San Antonio, **Texas**—a partnership of the city, county, state, higher education, foundations, hospitals, chambers of commerce, military and private citizens—has committed to raising \$750,000 to help increase the number of graduating nurses at area schools by 500 by 2004. These funds are channeled through public/private partnerships between local hospitals and the area's five nursing programs and are used to finance student scholarships and new faculty salaries (*San Antonio Health Care Summit Commission, 2001*).

In addition, there are 105 nursing schools that offer accelerated baccalaureate degree programs to prepare individuals with academic degrees in non-nursing fields with baccalaureate nursing degrees (*AACN, 2002*). For example, at the University of **Arizona** College of Nursing, a student, upon completion of six prerequisite courses, may graduate with a BSN degree in 14 months of full-time study. Sponsoring organizations for the first cohort of students scheduled to graduate in 2004 are Carondelet Health Care System and University Medical Center. Students enrolled in the accelerated program commit to working in the sponsoring organization for a minimum of two years after graduation. In exchange for this commitment, students receive tuition and a stipend. Sponsors pay \$27,500 per sponsored student, which will cover all academic and support expenses for a minimum cohort of eight students. The College of Nursing plans to enroll up to 24 students in this program. The College recently hired faculty who will be dedicated to teaching only this cohort of students (*Univ. of Arizona College of Nursing, 2002*).

Finally, few states are engaging their private sector higher education institutions to assist in addressing their nursing shortage. According to the Texas Higher Education Coordinating Board surveys of state higher education finance officers, only two of the

responding states—**Illinois** and **Texas**—opened their statewide grant programs to nursing programs at independent colleges and universities. States would be well served to consider expanding nursing workforce grant program eligibility beyond public institutions to include nursing programs in the private sector, where additional training capacity may exist.

Direction for Future Study

Issues raised in this paper reinforce the observation, “if you’ve seen one nursing school, you seen one nursing school” and the uniqueness of each state’s environment for improving and expanding academic nursing programs. Each school or program uniquely portrays the strengths and assets of the existing structure for nursing education and the weaknesses and challenges being faced. Many state nursing programs are so diverse that one should not generalize about them. Despite these differences among schools, one issue that could benefit from further study is the potential for certain schools to over rely upon state general revenue, so that their operating budgets would be imperiled when state-supported funding initiatives are reduced or eliminated.

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Appendix A

Survey of State Higher Education Finance Officers on State Approaches to Financing Nursing Education

September 4, 2002

Good Morning!

I am looking at the efforts made by states to provide financial support to nursing education programs within their borders as one method to address the nursing shortage.

I would greatly appreciate your taking a few minutes to respond to the below questions about how your state is supporting professional nursing education programs (i.e., those that provide entry into the nursing profession and lead to the R.N. credential), and in specific, whether it is currently providing enhanced support to address the nursing shortage in your state. I may follow up with some of you, depending on your responses.

Thanks in advance for your help!

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Questions:

1. Does your state legislature provide direct appropriations for nursing education programs in public community colleges? In public technical colleges? In public universities and colleges? In public academic health centers? In private institutions or hospital-based diploma nursing programs?
2. If your state legislature provides appropriations to nursing programs in public institutions (regardless of type or level of educational institution) in a manner other than direct appropriations to the nursing program, please describe the method (e.g., to the system, which in turn allocates funds to the programs within its jurisdiction). Please provide as much detail to your description as your time permits. (This is likely to be an area of inquiry for my follow up with some of you.)
3. Are there any special or separate pools of state funds targeted to address the nursing shortage that are above and beyond the usual appropriations received by your state's nursing education programs? If so, please indicate the amount of the pool and for what time period additional monies would be provided, and describe the eligibility criteria for tapping into the pool.
4. Please provide me with a brief comment about other ways your state may be addressing the nursing shortage, and the name and contact information (including web sites) for me if I need to follow up for more details, if available.
5. Any other comments about the role your state is playing in financing nursing education?

Appendix B

Survey of State Higher Education Finance Officers on State Approaches to Addressing the Nursing Shortage

October 3, 2002

Good Morning!

In early September, I asked you to respond to five questions concerning state support of nursing education programs in general and education programs to address nursing shortages in your state. I received 22 responses – many thanks – we’re still working up the analysis.

I have one more question on specific types of funding, other than general revenue, your state may use to address nursing education and the nursing shortage.

Thanks in advance for your help!

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Question:

Is your state using any of the following funds to support nursing education?

If so, can you give me a brief description of the programs and activities being supported by each, the dollar amount, and whether it’s one-time or recurring funds? Is there a website? Do you have the name of a contact person?

- a. Temporary Assistance for Need Families (TANF) Funds
- b. Tobacco Settlement Funds
- c. Medicaid
- d. Work Investment Act Funds
- e. Any other novel source(s) of revenue