

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: August 20, 2007
POSITION: Neutral, note concerns

BILL NUMBER: SB 139
AUTHOR: J. Scott

BILL SUMMARY: Nursing Education

This bill would provide support for a broad array of nursing program activities focused on expanding capacity in all segments of education, as well as recruiting, developing and maintaining an increased level of trained nurses. The specific components of the bill are described in the section by section analysis on the following page.

FISCAL SUMMARY

A number of components contained in this bill would not impose additional costs on the state. The detailed fiscal impacts of the bill's components are provided in the Analysis. The Department of Finance (Finance) notes the following costs and cost pressures that are not currently funded:

- General Fund cost pressures resulting from expanding the number of applicants eligible to receive loan assumption repayments under the State Nursing Assumption Program of Loans for Education (SNAPLE) and the Nurses in State Facilities Assumption Program of Loans for Education (NSF APLE);
Non-General Fund costs of \$832,000 in 2008-09, \$1.3 million in 2009-10, and \$1.6 million ongoing for the Office of Statewide Health Planning and Development (OSHDP) to develop and implement a health care workforce and educational data clearinghouse;
In addition to the costs noted above, this bill would appear to authorize the redirection of up to 3 percent of funding provided to community colleges in the 2007-08 budget for nursing enrollment and retention investments, to be used instead for program development activities. With a base investment of \$22.1 million in the 2007-08 Budget, this could result in up to \$663,000 being redirected to support program development activities.

COMMENTS

Finance is neutral on this bill, but notes the following concerns:

- This bill would authorize community college nursing programs to employ the use of diagnostic assessment tools approved by the Chancellor, as well as multicriteria screening measures for programs that are at capacity. However, the bill fails to define a range or universe of multicriteria screening measurements, and thus may allow colleges to create a host of screening measures that may not effectively serve their intended purpose. We would also note that \$8.1 million in Proposition 98 General Fund is already provided to community colleges in the 2007-08 Budget for investments aimed at reducing nursing student attrition.
While the program development activities proposed by this bill may have merit, allowing up to 3 percent of current community college categorical nursing funding to support them could result in up to \$663,000 being unavailable for core investments in enrollments, equipment and attrition services. Additionally, to the extent these funds are not specifically allocated to local community colleges as grants, these program development activities may violate the provisions of Proposition 98.

Analyst/Principal (0384) S. Swan Date Program Budget Manager Jeannie Oropeza Date

Department Deputy Director Date

Governor's Office: By: Date: Position Approved Position Disapproved

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- While the Administration is supportive of measures to increase nursing faculty teaching at higher education institutions and the number of registered nurses working at 24-hour state facilities facing a shortage of such nurses, the bill's expansion of the pool of applicants eligible to receive higher education loan repayments provided under the SNAPLE and NSF APLE programs would result in a cost pressure on the state's General Fund.

ANALYSIS

Section 1: General Education Requirements for Registered Nursing Student Programs

This section would require that any CSU or community college campus that operates a registered nursing program shall not require a student admitted into that program, who has already earned a baccalaureate or higher degree, to complete general education course requirements, but only to complete the coursework necessary to prepare for licensing as a registered nurse. CSU has noted a concern that there are certain prerequisite courses that baccalaureate nursing candidates should take, such as general science and math classes, which someone who has earned a degree in an unrelated field, a business major for example, may not have completed successfully. CSU believes that its Academic Senate should continue to determine the courses of instruction that should be required to complete a particular degree.

Fiscal Impact: This section would not impose any significant additional costs to the state.

Section 2: Clinical Record Clearance for Registered Nursing Program Students

This section would allow any institution that offers an accredited registered nursing program to require any prospective student to provide a criminal record clearance. CSU noted that students in their nursing programs must obtain and pay for their own liability insurance, which is required to participate in their clinical training.

Fiscal Impact: UC and CSU have stated that the student would be required to pay the costs to obtain a criminal record clearance, so there would be no fiscal impact on the segments. It is not clear whether or not community colleges would require students to pay this fee or whether the college would absorb this cost. We note that current law appears to provide community colleges with the authority to levy fees to cover these costs. To the extent that community colleges elect to subsidize this cost, it would not be a reimbursable mandated cost on the state, as all segments have the discretion to require these criminal record clearances under this section.

Sections 3 and 4: Eligibility Requirements for SNAPLE

These sections would expand the pool of program participants eligible to receive a loan repayment award under the SNAPLE program, upon becoming employed as a full-time nursing faculty member at a California college or university. Current statute requires a program applicant to be enrolled in a baccalaureate or graduate level degree program to receive a SNAPLE warrant. Section 3 would allow an applicant who has already successfully completed a baccalaureate or graduate level degree to be eligible to receive a loan repayment award. Section 4 would require the California Student Aid Commission (CSAC), which administers the program, to revise the rules and regulations it has adopted for SNAPLE to implement this program change within six months after the operative date of the revised statute.

Fiscal Impact: Since these sections would increase the number of eligible applicants in the SNAPLE program, they would exert a future cost pressure on the General Fund. While the number of SNAPLE warrants that CSAC may award in any one year is authorized in the annual Budget Act, an increase in the pool of eligible applicants may result in pressure to authorize a greater number of warrants. Finance notes that each SNAPLE participant may receive a total loan assumption of up to \$25,000 after teaching nursing for an equivalent of three full-time years.

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Sections 5 through 8: Eligibility Requirements for NSF APLE

Similar to the bill's expansion of SNAPLE program eligibility, these sections would increase the number of program participants eligible to receive a loan repayment award under the NSF APLE program. An applicant who has already successfully completed an accredited program to become a registered nurse, and who agrees to work full-time in a state-operated 24-hour facility, would be eligible to receive a NSF APLE award. The California Code of Regulations for this program stipulates that an eligible applicant should be currently admitted to or enrolled in a nursing program, or shall have completed a nursing program within one year of having applied for an award under the program.

These sections also clarify that a person currently employed as a registered nurse in a state-operated 24-hour facility may be eligible to enter into a loan assumption under the SNAPLE program, but could not receive a loan assumption award under the NSF APLE program. In addition, Section 7 would require CSAC to revise the rules and regulations it has adopted for NSF APLE to implement this program change within six months after the operative date of the revised statute.

Fiscal Impact: Similar to Section 3, these sections would broaden the scope of eligible applicants who could receive a NSF APLE warrant, thus resulting in a General Fund cost pressure if additional warrants for this program were authorized in the Budget Act. Finance notes that each NSF APLE participant may receive a total loan assumption of up to \$20,000 after working full-time in a state-operated 24-hour facility for four consecutive years.

Section 9: Nursing Enrollment Growth and Retention: Program Development Activities

This section specifies that up to 3 percent of nursing enrollment and retention funding may be spent on "program development". It defines program development to include (but it is not limited to) activities such as partnerships or collaborations between community colleges and universities to offer bachelor and master's level nursing courses. Additionally, this section would make other minor technical changes.

Fiscal Impact: This bill provision would effectively allow a redirection of up to 3 percent nursing enrollment and retention funding for program development activities. We note that current language in the bill references the amount of funding provided for these activities last year in the Budget Act of 2006. The 2007-08 Budget would increase funding for these same activities to almost \$22 million. Presuming that this language would apply to 2007-08 funding for these programs, this redirection could result in more than \$600,000 being redirected from additional nursing enrollments, equipment purchases, and investments in other support services aimed at reducing attrition. Additionally, to the extent these funds are not specifically allocated to local community colleges as grants, these program development activities may violate the provisions of Proposition 98.

Section 10: CCC Nursing Programs: Diagnostic Assessment Tools and Screening Criteria

This section would allow any community college nursing program to utilize common diagnostic assessment tools for evaluating potential nursing program applicants, to the extent that they are approved by the Chancellor. Additionally, for nursing programs that are at capacity, this section would allow those programs to utilize "multicriteria" screening measures for assessing nursing applicants.

We note that this section fails to define a range or universe of multicriteria screening measurements. By leaving this undefined, this section may allow colleges to create a host of screening measures that may not effectively serve their intended purpose.

Fiscal Impact: This section would not impose additional costs to the state. To the extent that impacted college nursing programs employed the use of strict merit-based criteria for program applicants, it could reduce the incidence of attrition in those programs.

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Section 11: Employment of Contract or Short-Term Clinical Nursing Faculty

This section would allow community colleges to employ contracted part-time or full-time clinical nursing faculty working 60 percent or more of a typical full-time assignment for regular faculty, for up to four semesters or six quarters. This provision would be effective from July 1, 2007 to June 30, 2014.

We note that this provision would provide local community colleges with additional flexibility to bring in qualified nursing practitioners to teach in cases where there is a shortage of existing regular faculty to provide this instruction.

Fiscal Impact: This section would not impose additional costs to the state.

Sections 12 and 13: Baccalaureate Degree Nursing Programs at CSU

Current law states legislative intent that CSU increase the number of full-time equivalent students in baccalaureate degree nursing programs by at least 340 students beginning in 2007-08, pursuant to funding being appropriated in the Budget Act of 2007. Current law also states intent to support the expansion of future baccalaureate degree nursing enrollments with appropriations in the annual Budget Act. Section 12 would include legislative intent that these students be funded within the general enrollment growth funding provided to CSU. In addition, this section would encourage the university to establish partnerships or collaborations with community colleges to facilitate the education of students in bachelor's or entry-level master's degree nursing programs.

Section 13 would stipulate that, while CSU may establish admission priorities to baccalaureate degree nursing programs, it shall not disqualify or reject any student who possesses a baccalaureate or higher degree from enrolling in a baccalaureate degree nursing program.

Fiscal Impact: In future years, as has been done historically, additional baccalaureate nursing enrollment would be funded within normal enrollment growth funding provided to CSU and would have no incremental fiscal impact on the General Fund.

Section 14: Baccalaureate and Master's Degree Nursing Programs at UC

Current law states legislative intent that UC should enroll a specific number of full-time nursing students in its baccalaureate and master's degree nursing programs in 2007-08, and that the expansion of future baccalaureate and master's degree nursing enrollments be supported with appropriations in the annual Budget Act. Similar to funding for CSU nursing programs, this section would include legislative intent that funding for additional baccalaureate nursing degree enrollment be provided within the general enrollment growth funding provided to UC.

Fiscal Impact: Because baccalaureate nursing enrollments are currently funded within the normal enrollment growth funding provided to UC, this section would have no incremental fiscal impact on the General Fund.

Section 15: Health Care Workforce Clearinghouse

This section would establish a healthcare workforce clearinghouse to be administered by OSHPD, to collect and analyze healthcare workforce and educational pipeline data for the state. The activities of the clearinghouse would be funded by appropriations from the California Health Data and Planning Fund (CHDPF), administered by OSHPD. Finance notes that the data available may not be specific enough to fulfill the needs and requirements of this bill. As various departments and programs each have their vested interest in how the data should be managed and implemented, coordination of this magnitude could be difficult. In addition, statutory changes are not necessary to implement a data warehouse.

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Fiscal Impact: OSHPD would incur additional costs of \$832,000 in 2008-09, \$1.3 million in 2009-10, and \$1.6 million annually thereafter for data gathering and implementation of a data warehouse. The CHDHP could absorb the costs of developing, implementing, and sustaining this program.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP							
	RV	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	
4140/Stwd Hth Pln	SO	No		--	C	\$832	C	\$1,256	0143
6440/UC	SO	No		-----	No/Minor	Fiscal Impact	-----		0001
6610/CSU	SO	No		-----	No/Minor	Fiscal Impact	-----		0001
6870/Comm College	LA	No		-----	See Fiscal	Summary	-----		0001
7980/Student Aid	LA	No		-----	See Fiscal	Analysis	-----		0001
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
0143	Health Data & Planning Fund, CA								