



STATE and LOCAL OPPORTUNITY NOTE



Drafting Number: LLS 06-0695.01

Date: March 1, 2006

Prime Sponsors: Sen Abel Tapia, D-Pueblo,

Bill Status: Senate Appropriations

Rep. Dorothy Butcher, D-Pueblo

Policy Analyst: Robin Baker, (303) 297-0456

Title: Concerning authorization of a nursing teacher loan forgiveness pilot program

SB 06-136 represents a net opportunity gain for Colorado.

It will help offset the shortage of nursing teachers in Colorado. The Colorado Legislative Council staff estimates that at least 16 teachers could be helped with this loan forgiveness program over the next two years.¹

Adding nursing faculty will help colleges and universities accept more nursing students and provide needed practicing nurses for Colorado's hospitals and clinics.

An estimated 2,600 would-be nursing students are turned away each year in Colorado, largely because training programs are short of qualified nursing instructors.

Summary of Legislation

This bill establishes a fund for a nursing teacher loan forgiveness pilot program. The program will pay up to \$20,000 for all or part of the principal and interest on a loan for those who teach nursing at a Colorado college or university. The bill will sunset July 1, 2018.

To qualify for the nursing teacher loan forgiveness, instructors must have a master's or doctorate degree in nursing from a public college or university and teach full time for five consecutive academic years. Each year, a nursing professor may receive up to \$4,000 in student loan forgiveness. The maximum amount of student loan forgiveness for five years of service is \$20,000.

The bill establishes the Nursing Teacher Loan Forgiveness Cash Fund. General funds will be continuously appropriated to the Colorado Commission of Higher Education to cover the costs of the program. CollegeInvest will administer the program.

The estimated cost of this program is \$160,000 in grants in FY 2006-07 and FY 2007-08 to repay student loans and \$1,600 each year for CCHE to administer the program, according to the Legislative Council staff fiscal note.

Background

Colorado's nursing vacancy rate in hospitals and clinics is 11 percent, twice the national average. Without expansions in nurse training programs, projected retirements will push the nursing vacancy rate to 30 percent by 2020.²

Currently, Colorado only offers student loan forgiveness to nurses practicing in underserved communities or with underserved populations.³

A primary reason for the nursing shortage is the parallel shortage of qualified instructors for nursing programs. Teaching at a college or university requires a master's or doctorate degree, and most vacancies are in doctoral-level faculty positions. Advanced degrees take a long time to earn and cost a lot of money — especially as universities raise tuition to keep expensive nursing programs operating.⁴

The Bell Policy Center believes a top priority of the General Assembly should be to expand opportunities for Coloradans to achieve the American Dream. In that spirit, we offer Opportunity Notes on selected bills. Similar to Fiscal Notes, Opportunity Notes reflect our best analysis of whether a bill, if implemented, will expand opportunities for Coloradans.

A POSITIVE analysis means our research suggests a bill will expand opportunity in a cost effective manner.

A NEGATIVE analysis means our research suggests the measure will restrict opportunities or will not cost-effectively achieve its goals.

Research indicates the main reasons for nursing faculty shortages are:

- Retirement
- Fewer young people choosing an academic life
- Academic salaries that can't compete with hospital and clinic wages
- The high tuition and loan burden of graduate study
- The time it takes to complete a doctorate.⁵

Colorado has five universities that prepare graduate-level nurses: University of Colorado at Colorado Springs, University of Colorado at Denver, University of Northern Colorado, Regis University and University of Phoenix.

Research and Evidence of Effectiveness

Increasingly, states are providing student loan forgiveness and service payback programs to help recruit nurses and other health care providers. Loan forgiveness programs generally require five years of service in exchange for \$1,000 to \$5,000 per year in loan repayment.

A 2003 Lumina Foundation for Education survey found that in the 2001-02 academic year, 43 states had at least one loan forgiveness or service payback program. Colorado now only has a student loan forgiveness program for registered nurses working in critical shortage areas.

The majority of financial aid administrators agree that loan forgiveness programs are effective in meeting the financial needs of students and the workforce needs of society. Administrators reported that of the 63 percent of students participating in these programs, on average 57 percent went on to work in the required field.⁶

Estimate of Impact and Benefits

Colorado Legislative Council staff estimates that on 2006-07 and 2007-08, 128 nursing students will graduate from nursing programs at state colleges and that 65 percent, about 83 students, will have outstanding debt.

In the two academic years, the Council estimates eight nursing teachers a year will apply and qualify for the program. In exchange for a minimum of five consecutive years of teaching at a Colorado public institution of higher education, teachers could have most, if not all, of their outstanding student loan debt paid off.⁷

End Notes

¹ Colorado Legislative Council (2006). State Fiscal Impact: Concerning authorization of a nursing teacher loan forgiveness pilot program, SB 06-136. LLS 06-0695. Denver, Colorado

² Colorado Center for Nursing Excellence (2005). The 2004 Colorado Nursing Faculty Supply and Demand Study. Presented to the Colorado State Workforce Council. The Colorado Center for Nursing Excellence and the Colorado Health Institute, Denver, CO. Online: <http://dola.colorado.gov/wdc/publications/nursing-white-paper.pdf>

³ Authorized by section 846 of the Public Health Service Act, as amended, the purpose of the NELRP is to assist in the recruitment and retention of professional nurses dedicated to providing health care to underserved populations.

⁴ Colorado Center for Nursing Excellence (2005).

⁵ Colorado Center for Nursing Excellence (2005).

⁶ Rita J. Kirshstein, R. J., Berger, A. R., Benatar, E. & Rhodes, D. (2004). Workforce Contingent Financial Aid. American Institute for Research. The Lumina Foundation. Online: www.luminafoundation.org/research/Workforce.pdf

⁷ Colorado Legislative Council (2006). SB 06-136 Fiscal Note, LLS 06-0695.